

Exhibit B

Page 1

1 UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF NEW JERSEY
3 MDL No. 2875

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5 -----x
6 IN RE:
7 VALSARTAN, LOSARTAN, AND
8 IRBESARTAN PRODUCTS LIABILITY
9 LITIGATION

10 -----x
11
12 VIDEOTAPE DEPOSITION OF
13 LAURA R. CRAFT
14 VIA ZOOM VIDEOCONFERENCE
15 January 12, 2023
16 8:00 a.m. PST

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22
23 Reported by:
24 Maureen Ratto, RPR, CCR
25

	Page 2	Page 4
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2		
3	Videotape deposition of LAURA R.	
4	CRAFT held virtually via Zoom	
5	Teleconference, hosted from Veritext	
6	Legal Solutions, pursuant to notice,	
7	before Maureen Ratto, Certified Court	
8	Reporter, License No. XI01165,	
9	Registered Professional Reporter,	
10	License No. 817125, and Notary Public.	
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	Page 6		Page 8
1	APPEALANCES, continued:	1	LAURA CRAFT
2		2	defendants in this case.
3	Counsel for Defendant - Express	3	I'm going to be taking your
4	Scripts:	4	deposition today on behalf of all the
5	HUSCH BLACKWELL, LLP	5	defendants, although certain of them may
6	4240 Duncan Avenue	6	have additional questions when I'm done
7	St. Louis, Missouri 63110	7	with mine.
8	BY: MATTHEW D. KNEPPER, ESQ.	8	So thank you for doing this
9	matt.knepper@huschblackwell.com	9	today. I really appreciate your time.
10		10	Before we get started, can you
11	ALSO PRESENT:	11	just state your full name for the record,
12	JUSTIN BILY, Concierge and Legal Video	12	please?
13	Specialist	13	A. Yes. My name is Laura Craft.
14		14	Q. I know you've been deposed
15		15	quite a few times and you know what
16		16	you're doing but just a few reminders for
17		17	everyone's purposes today.
18		18	I would like verbal answers,
19		19	please, so yes or no and no nodding for
20		20	the court reporter's sake. Is that okay
21		21	with you?
22		22	A. Yes, of course.
23		23	Q. And then also, I'm going to
24		24	try my best not to talk over you -- oh,
25		25	we might have just lost Maureen.
	Page 7		Page 9
1	LAURA CRAFT	1	LAURA CRAFT
2	VIDEOGRAPHER: We are going on	2	THE REPORTER: I'm here.
3	the record at 8:02 on January 12th,	3	MS. BRANCATO: Okay. Good.
4	2023.	4	Just checking.
5	This is Media Unit 1 of the	5	Q. Sorry about that. I'm going to
6	video-recorded deposition of Laura	6	try not to talk over you and if you could
7	Craft regarding the Valsartan	7	try not to talk over me and give Dave a
8	Litigation.	8	chance to object, all, again, for the
9	My name is Justin Bily	9	court reporter's sake. Does that sound
10	representing Veritext and I'm the	10	okay?
11	videographer. The court reporter is	11	A. Yes.
12	Maureen Ratto, from the same firm.	12	Q. And if there is any time that
13	All counsel will be noted on	13	you don't understand my questions, please
14	the stenographic record.	14	let me know.
15	Will the court reporter please	15	A. Okay.
16	swear in the witness and we can	16	Q. If you do respond to a
17	begin.	17	question I'm going to assume that you
18	* * *	18	understood it. Is that fair?
19	LAURA CRAFT, having been	19	A. Yes.
20	first duly sworn according to law by	20	Q. Do you have any documents with
21	the Officer, testifies as follows:	21	you in the room today?
22	EXAMINATION BY MS. BRANCATO:	22	A. Yes, I do. I have one copy of
23	Q. Good morning, Ms. Craft. My	23	my most recent report in this case
24	name is Alexia Brancato and I am with	24	unmarked but printed out in front of me.
25	Kirkland and I represent the Torrent	25	Q. Perfect. And we'll go ahead

<p>1 LAURA CRAFT 2 and get that marked in just a minute. 3 And I assume no one else is in 4 the room with you today; is that right? 5 A. That's correct. 6 Q. And since we're conducting 7 this remotely I'll just ask that you turn 8 your phone upsidedown and don't use your 9 computer for any other purposes other 10 than this deposition. Is that fair? 11 A. Yes, it is. 12 Q. Okay. Great. All right. 13 Ms. Craft, you've been deposed 14 in this case before, right? 15 A. Yes, I have. 16 Q. And that was in connection 17 with the report that you issued on 18 November 10, 2021, right? 19 A. That's correct. 20 Q. Since that last deposition, 21 have you been retained in any additional 22 litigation matters? 23 A. Yes. 24 Q. Can you tell me about those? 25 A. So first I would direct your</p>	Page 10	<p>1 LAURA CRAFT 2 et al versus Caremark, which is a False 3 Claims Act case. 4 Q. That first case you mentioned, 5 I'm sorry, I didn't catch the drug name, 6 sounds like Bansantin or something? 7 A. The generic name of the drug 8 is bosentan, which is spelled 9 b-o-s-e-n-t-a-n. It's branded reference 10 drug is Tracleer, T-r-a-c-l-e-e-r. 11 Q. Okay. Thank you for that. 12 In that case is your report 13 related to class certification? 14 A. Yes, it is. 15 Q. And you haven't sat for a 16 deposition in that case yet; is that 17 right? 18 A. That's right, I have not. 19 Q. And the In Re: Lipitor case 20 that you mentioned, is your report there 21 also related to class certification? 22 A. Yes, it is. 23 Q. And you have not yet sat for a 24 deposition in that case; is that right? 25 A. That's correct.</p>	Page 12
<p>1 LAURA CRAFT 2 attention to my most recent report which 3 has an updated list of the cases in which 4 I've provided expert testimony. There are 5 additional cases since the date of that 6 report which, as you just mentioned, was 7 October of 2022. 8 Would you like me to list 9 those for you? 10 Q. Yes. Let's start with the 11 cases that are new since October 2022, 12 please. 13 A. Okay. Sure. I have filed a 14 report in connection with In Re: 15 Tracleer, or I believe it's Bosentan is 16 the proper titling of the case, Antitrust 17 Litigation; I have filed a report in 18 connection with the In Re: Lipitor 19 Antitrust Litigation; I filed, as an 20 administrative proceeding, a report 21 involving the termination of business of 22 a number of substance abuse disorder 23 clinics in California; I have filed, in 24 addition, two reports since that date in 25 connection with a case entitled Behnke,</p>	Page 11	<p>1 LAURA CRAFT 2 Q. The case or the administrative 3 matters you mentioned about the 4 terminations related to substance abuse 5 clinics, can you tell me what your report 6 is -- the subject matter of your report 7 for those cases or those administrative 8 matters? 9 A. It's actually singular. It's 10 multiple organizations but one report and 11 the question had to do with the market 12 for in-patient rehabilitation facilities 13 to address substance abuse disorders and 14 the economic explanations for why two 15 operators of such clinics in Southern 16 California ultimately terminated their 17 operations following damage in the 18 Woolsey fire. 19 Q. And in that administrative 20 matter who have you been retained by? 21 A. The operators of those 22 facilities. 23 Q. Is it one operator in 24 particular or is there multiple 25 operators?</p>	Page 13

<p>1 LAURA CRAFT 2 A. There is a joint ownership 3 structure. There are two separate 4 corporate entities but they have a joint 5 ownership. 6 Q. And do you expect to be 7 deposed in that administrative matter? 8 A. I don't believe depositions 9 ordinarily are allowed in that particular 10 set of proceedings, so the answer would 11 be no. 12 Q. Do you know if those kinds of 13 proceedings ever go to some kind of trial 14 or hearing? 15 A. Generally not. I don't know 16 whether there are circumstances where 17 they may, but generally not. That's the 18 purpose of the administrative proceeding, 19 is to be able to reduce the time and cost 20 associated with a resolution. 21 Q. And you mentioned two reports 22 in Behnke, et al versus Caremark. Can 23 you tell me what the subject matter of 24 those two reports was? 25 A. Yes. The case involves PBM</p>	Page 14	<p>1 LAURA CRAFT 2 Caremark either misreported or caused 3 others to misreport. 4 Q. As part of your expert report 5 in that case -- let me back up. 6 You mentioned there were two 7 reports in that case; is that right? 8 A. That's correct. 9 Q. What does each report -- what 10 is the subject matter of each report, 11 each individual report? 12 A. The subject matter is the 13 same. This was a schedule in which the 14 court ordered simultaneous filings by 15 both sides followed by a simultaneous 16 filing by both sides again. So the normal 17 reply and rebuttal structure wasn't 18 present. 19 Q. So is the substance exactly 20 the same or are there different, slightly 21 differences? 22 A. The latter report addresses 23 the initial reports supplied by 24 Caremark's experts. It's -- we were both 25 filing at once and then we were both</p>	Page 16
<p>1 LAURA CRAFT 2 processing and reporting 3 responsibilities. 4 Q. And was your report focused on 5 class certification or another subject 6 matter? 7 A. That is not a class action. 8 Q. And who were you retained by 9 in that case? 10 A. By the relator, who is the 11 plaintiff or counsel -- I'm sorry -- I 12 should speak more correctly. By counsel 13 for the relator, who is the plaintiff. 14 Q. What opinions are you offering 15 in that case related to PBM processes and 16 reporting responsibilities? 17 A. The opinions relate to 18 appropriate reporting of drug prices on 19 PDE and DIR forms submitted to CMS for 20 Medicare Part D plans. 21 Q. And is the relator's 22 allegation in that case that Caremark, as 23 a PBM, did not properly report drug 24 prices on those forms submitted to CMS? 25 A. Yes. To be more precise, that</p>	Page 15	<p>1 LAURA CRAFT 2 responding to each other's reports, but 3 the subject matter is exactly the same. 4 Q. And in that case did you reach 5 an opinion as to whether Caremark did, in 6 fact, itself or cause others to 7 inaccurately report drug prices? 8 A. I'm going to point out that 9 these reports are filed under seal, that 10 they are confidential, that I'm not at 11 liberty to discuss the contents. 12 I can respond insofar as 13 saying the answer is yes, but I'm not 14 going to provide any further details 15 about those reports while they're under 16 seal. 17 MR. STANOCH: I'll instruct 18 the witness not to do so. 19 Q. Ms. Craft, I understand your 20 confidentiality opinions. I want to ask 21 one more question about the opinions 22 related to that last one. If you can't 23 answer, I understand. 24 Did you reach an opinion as to 25 why Caremark itself or causing others to</p>	Page 17

<p>1 LAURA CRAFT 2 inaccurately report drug prices? 3 MR. STANOCHE: Objection. And, 4 again, instruct the witness not to 5 divulge any information subject to 6 a confidentiality order in a 7 different case. 8 A. And I would point out, I don't 9 think I understand your question, 10 Ms. Brancato. 11 If you mean by "why", what is 12 the motivation for doing so? I don't 13 opine on motivations. 14 Q. And you haven't yet been 15 deposed in the Caremark case; is that 16 right? 17 A. That is correct. 18 Q. Do you expect to be deposed in 19 that one? 20 A. I imagine I will be. 21 Q. And do you know if it's been 22 scheduled yet or if there are -- I'm 23 sorry. Go ahead. 24 A. No date has been set for my 25 deposition.</p>	Page 18	<p>1 LAURA CRAFT 2 have you testified at any trials? 3 A. No. 4 Q. And since your last deposition 5 have you been deposed at all? 6 A. I honestly don't remember what 7 the date of my last deposition was 8 vis-à-vis the dates of depositions that 9 are listed on my current testimony list. 10 I can tell you that of the new 11 cases for which I have filed reports 12 since my October 2022 report, none of 13 those have yet involved depositions. 14 As you can see from the CV 15 that is attached to -- sorry -- the 16 testimony list attached to this October 17 2022 report, I have been deposed in Zydus 18 and I believe that deposition took place 19 after my original deposition in this 20 case, but I can't be confident about the 21 exact date. And the deposition that I 22 gave, as listed on my testimony list in 23 Staley versus Gilead Sciences, I don't 24 know whether that deposition occurred 25 before or after my deposition in this</p>	Page 20
<p>1 LAURA CRAFT 2 Q. Okay. Going back now to cases 3 that you have been retained for between 4 the last deposition you gave in this case 5 and today -- we talked about a few that 6 have happened since October of 2022. 7 If I'm understanding 8 correctly, and you can correct me if I'm 9 wrong, just trying to compare your two 10 CVs, between the first CV attached to 11 your October 2022 report and the CV 12 attached to your October 2022 report, it 13 looks like the only new case is Zydus 14 Worldwide DMC versus Teva; is that right? 15 A. I only have in front of me a 16 copy of my most recent report. 17 I will take your word for it 18 that Peter Staley versus Gilead Sciences 19 from 2021 was disclosed on the earlier of 20 my two reports, which would mean that you 21 are correct, that Zydus versus Teva is 22 the other case that appears on my October 23 report but did not appear on my initial 24 report in this case. 25 Q. Since your last deposition</p>	Page 19	<p>1 LAURA CRAFT 2 valsartan matter. But I was, as listed on 3 the -- as is clear from the testimony 4 list, I was deposed in both of those 5 cases, Zydus and Gilead. 6 Q. Have you written any articles 7 or publications since your last 8 deposition, which I'll represent to you 9 was February 2022? 10 A. Okay. Thank you for putting 11 that in time for me. The answer is no. 12 Q. Ms. Craft, what did you do to 13 prepare for your deposition today? 14 A. I reviewed the most recent 15 report of Tim Kosty; I reviewed the 16 report that I had submitted in this 17 matter in October of 2022; I had a brief 18 conversation yesterday with counsel, 19 David Stanoch; I looked back at a few of 20 the materials cited in my report, in my 21 most recent report, and that's about it. 22 Q. Your call yesterday with 23 Mr. Stanoch, was anyone else on besides 24 the two of you? 25 A. No.</p>	Page 21

<p>1 LAURA CRAFT</p> <p>2 Q. When you say you looked back</p> <p>3 at a few of the materials cited in your</p> <p>4 report, in your own recent report, do you</p> <p>5 remember what documents those were or</p> <p>6 what materials those were?</p> <p>7 A. I recall that I looked at a</p> <p>8 number of -- or two depositions from</p> <p>9 SummaCare and EmblemHealth</p> <p>10 representatives. Those are the</p> <p>11 depositions that had previously been</p> <p>12 listed as materials that I relied upon</p> <p>13 but I went back and looked at those and I</p> <p>14 also looked at the data that had</p> <p>15 previously been supplied by plaintiff</p> <p>16 MSP, and I compared it to a more recent</p> <p>17 production of such claims data that I</p> <p>18 believe was made by MSP in roughly mid</p> <p>19 December of 2022.</p> <p>20 Q. When you say you looked at</p> <p>21 data previously supplied by MSP, do you</p> <p>22 know approximately when that was</p> <p>23 provided?</p> <p>24 MR. STANOCH: Objection,</p> <p>25 vague. Do you mean supplied to her?</p>	Page 22	<p>1 LAURA CRAFT</p> <p>2 I do not know the date on</p> <p>3 which that production was supplied to</p> <p>4 counsel in this case. I do know that I</p> <p>5 received it on December 19 of 2022.</p> <p>6 Q. When you say claims data from</p> <p>7 MSP, do you know if that data comes from</p> <p>8 their PBM or some other data maintained</p> <p>9 by MSP alone?</p> <p>10 A. The data is ultimately sourced</p> <p>11 with the PBM of EmblemHealth and</p> <p>12 SummaCare. The data was supplied by them</p> <p>13 pursuant to their claim assignment to</p> <p>14 MSP.</p> <p>15 So the data is currently, as I</p> <p>16 understand it, in the possession and</p> <p>17 control of MSP and was produced by MSP</p> <p>18 but it is directly traced back to the</p> <p>19 PBMs who performed claims adjudication</p> <p>20 functions contemporaneous with the</p> <p>21 reported purchases having been made on</p> <p>22 both of EmblemHealth and SummaCare.</p> <p>23 Q. EmblemHealth uses Express</p> <p>24 Scripts as their PBM; is that right?</p> <p>25 A. That is my understanding.</p>	Page 24
<p>1 LAURA CRAFT</p> <p>2 Supplied in the litigation?</p> <p>3 Objection, vague.</p> <p>4 Q. So, Ms. Craft, I'm trying to</p> <p>5 understand. You mentioned that you</p> <p>6 looked at claims data that MSP produced</p> <p>7 or that you received in December 2022,</p> <p>8 I'm not sure. So I'm just trying to</p> <p>9 establish what the earlier MSP claims</p> <p>10 data, if there is a date range on that?</p> <p>11 A. The earlier MSP data is the</p> <p>12 data discussed in my October 2022 report.</p> <p>13 In that report I explained how such data</p> <p>14 is collected and what it represents and I</p> <p>15 referenced the data that MSP had</p> <p>16 supplied.</p> <p>17 It is my understanding that</p> <p>18 after the date of my report MSP produced</p> <p>19 this same -- effectively the same claims</p> <p>20 but more detailed fields for those same</p> <p>21 claims and, therefore, provided a fuller</p> <p>22 record for each of the claims that had</p> <p>23 previously been represented in its data</p> <p>24 production but with a more limited set of</p> <p>25 fields supplied.</p>	Page 23	<p>1 LAURA CRAFT</p> <p>2 Q. And SummaCare uses MedImpact</p> <p>3 as their PBM; is that correct?</p> <p>4 A. That's also my understanding,</p> <p>5 MedImpact having been acquired by Express</p> <p>6 Scripts.</p> <p>7 Q. You mention you did a</p> <p>8 comparison between the data referred to</p> <p>9 in your October 2022 report -- 2022</p> <p>10 report and the data that you received in</p> <p>11 December of 2022. And that it looked like</p> <p>12 the December 2022 data had more fields;</p> <p>13 is that right?</p> <p>14 A. That's correct.</p> <p>15 Q. Were there any other</p> <p>16 differences between the two datasets?</p> <p>17 A. No, not that I observed. I</p> <p>18 believe the date ranges were the same and</p> <p>19 the -- and the underlying transactions</p> <p>20 represented were the same. There was</p> <p>21 simply more detail provided about each of</p> <p>22 those transactions.</p> <p>23 Q. And sitting here today, do you</p> <p>24 recall what the additional detail was?</p> <p>25 A. Yes, I do. Would you like me</p>	Page 25

<p>1 LAURA CRAFT 2 to explain what additional types of 3 information were supplied? 4 Q. Yes, please. 5 A. Okay. And first of all, let me 6 make clear that the earlier production 7 that we had received also involved a 8 third entity, ConnectiCare. The updated 9 data pertained to the current plaintiffs 10 and what I understand to be a bellwether 11 proceeding, EmblemHealth and SummaCare. 12 So what I looked at before my 13 deposition here was a comparison of the 14 prior production and most recent 15 production for those Emblem and SummaCare 16 claims. And the additional information 17 supplied included numerous fields. I 18 don't recall precisely, off the top of my 19 head, how many fields were in the 20 original production, but it was a 21 small-ish number, something along the 22 order of seven or eight. 23 There are now many many more 24 fields produced and they include things 25 such as dispensing fee and ingredient</p>	<p>Page 26</p>	<p>1 LAURA CRAFT 2 previously supplied. 3 Q. Other than doing this 4 comparison between the older data from 5 October of 2022 and the newer data from 6 December of 2022, did you do anything 7 else with the datasets? 8 A. I had a health economist in 9 our shop format the data so that it was 10 easier for me to review and that was how 11 I then undertook my review. But, no, it 12 was purely for the purpose of examining 13 the data to determine how it conformed 14 with industry standard practices in terms 15 of data supplied by PBMs and whether it 16 was possible to, using this data, to 17 precisely calculate the amount that had 18 been paid by SummaCare and EmblemHealth 19 for prescriptions of the specific NDCs, 20 so National Drug Code products, that had 21 been manufactured by the defendants who 22 are subject to the current bellwether 23 trial. So, in other words, it was a 24 broader set of data originally produced. 25 But my understanding of the current</p>	<p>Page 28</p>
<p>1 LAURA CRAFT 2 cost and a decomposition of the 3 consumers' cost share into its three 4 potential components, those being the 5 deductible, co-pay or co-insurance. 6 So those elements are provided 7 now specifically so that one can see each 8 of the pieces that contribute to the 9 overall transaction price. 10 Q. And can you recall any other 11 fields of information? 12 A. There are -- some of the 13 fields appear, the same content or same 14 value appears in a couple of different 15 fields with readily identifiable names 16 but they are -- they are slightly 17 different names. 18 For example, there are 19 multiple fields that report the 20 ingredient cost for the product. Some of 21 the expansion of fields is merely 22 reporting the same value in different 23 ways, but some of the fields are 24 specifically new values that were not 25 included in the more summary data</p>	<p>Page 27</p>	<p>1 LAURA CRAFT 2 bellwether trial is that it is limited to 3 products manufactured or supplied by 4 three large-name defendants; so Teva, 5 Torrent and ZHP. And so the data, when 6 it was cleaned, was made available to me 7 to review, including only the -- those 8 particular NDCs. 9 So the data was segmented in 10 such a way that it included only product 11 that was directly attributable to one of 12 the named defendants in this -- in this 13 bellwether case, and that the ability to 14 do that automatically, simply and 15 programmatically is yet another feature 16 of the type of data that is supplied, 17 recorded and supplied by PBMs in this 18 industry. 19 You always know precisely what 20 product is being sold at the end purchase 21 stage and you always know who made it, so 22 there was no ambiguity about doing that. 23 It's an automatic query. 24 I believe a list of the NDCs 25 that were used in that process is the</p>	<p>Page 29</p>

<p>1 LAURA CRAFT 2 very list that's attached as Exhibit D to 3 my October 2022 report. 4 Q. You mentioned earlier that the 5 December 2022 data that you reviewed was 6 sourced specifically from EmblemHealth 7 and SummaCare and that any data related 8 to ConnectiCare was removed; is that 9 right? 10 MR. STANOCH: Objection. Go 11 ahead. 12 A. It wasn't removed, no. I'm 13 sorry. That's -- that's not correct. It 14 wasn't removed. 15 It was when I had the data 16 just formatted so I could review it I 17 asked that it be restricted to the data 18 for Emblem and Summa because they are the 19 plaintiffs in this -- in this bellwether 20 proceeding. 21 I believe, although -- yeah, I 22 know that ConnectiCare data was still 23 included in the December 2022 data, but I 24 don't believe it had been updated. Its 25 format was basically the same as it had</p>	Page 30	<p>1 LAURA CRAFT 2 depositions in this case from Emblem and 3 Summa, representatives or -- or a MSP 4 representative, I don't recall which, 5 it's plainly labeled. 6 So I imagine he wrote a single 7 query that instructed that only those 8 where the Emblem and Summa names were 9 present would be included in the 10 segmented data. 11 Q. Let's go ahead and look at 12 Exhibit -- tab 1, please, which we'll 13 mark as Exhibit 1. 14 (Exhibit 1, notice of 15 deposition was received and marked 16 on this date for identification.) 17 Q. Ms. Craft, it's on the screen 18 but you should also have the exhibit 19 link, if you want it. 20 A. So I was supplied with two -- 21 let me see if I update if it will show 22 up. Okay, here we go. 23 Q. You see you have the file from 24 the share link? 25 A. I do.</p>	Page 32
<p>1 LAURA CRAFT 2 been, but the EmblemHealth and SummaCare 3 data had specifically been expanded to 4 include these additional fields that I've 5 just described. 6 Q. You mentioned that you asked 7 that the data be restricted to Emblem and 8 Summa because these are the plaintiffs 9 proceeding in this trial. 10 Who actually did the 11 restricting? 12 A. A healthcare economist in my 13 shop whose named Kevin Chu. 14 Q. Do you know how he went about 15 doing the actual restricting? 16 A. I believe it was a simple 17 query by the payor name which appears in 18 two different fields in the data. 19 So EmblemHealth is there as an 20 acronym in one of the fields, and it 21 appears also in a second field. I don't 22 know which of the two fields he used to 23 identify Emblem and Summa transactions 24 but he could have used either one. 25 As explained in the</p>	Page 31	<p>1 LAURA CRAFT 2 Q. Okay. Great. So Exhibit 1 is 3 the notice of videotape deposition of 4 Laura Craft. Do you see that? 5 A. I do. 6 Q. And Ms. Craft, have you seen 7 this document before? 8 A. I don't recall. 9 Q. If we go to page 5 of the pdf 10 do you see that on page 5 and the 11 following pages there are some requests? 12 A. I see those pages. What is 13 your question about them? 14 Q. Did you personally review 15 these requests? 16 MR. STANOCH: Objection to 17 form. 18 A. I don't recall whether I 19 personally reviewed them. 20 Q. And were you personally 21 involved in making sure that documents 22 responsive to these requests were 23 produced? 24 MR. STANOCH: Objection to 25 form, misstates the record.</p>	Page 33

<p>1 LAURA CRAFT 2 Clearly objections and 3 response is timely served by 4 plaintiffs. But go ahead if you can 5 answer, Ms. Craft. 6 A. I believe your request or your 7 question had to do with whether I was 8 personally responsible for seeing to it 9 that the items described here were 10 supplied. I believe you've previously 11 been supplied with the content described 12 here. 13 We can go through these items 14 one at a time if you would like to do so. 15 Q. Let me do this another way. 16 Earlier this week your counsel 17 produced to us several, a few documents. 18 Were you involved in collecting those 19 documents to be produced? 20 MR. STANOCH: Objection to 21 form. 22 A. You would have to tell me what 23 they were for me to know whether I was 24 involved. I have no idea what production 25 you may be referring to.</p>	Page 34	<p>1 LAURA CRAFT 2 31st, 2022? 3 A. Once again, if you'll just 4 give me a moment, I will scroll through 5 it and just check that it is. 6 Q. Sure. 7 A. Yes. I recognize that as my 8 most recent report. 9 Q. Great. You can feel free to 10 use the electronic version if you want or 11 the paper version in front of you, 12 whichever you prefer, as we go through 13 today. 14 A. Thank you. 15 Q. Ms. Craft, do you know 16 approximately when you started working on 17 the report in Exhibit 3? 18 A. I really don't recall. It 19 obviously would have been in advance of 20 the October 31 filing date. I would be 21 speculating about how much in advance of 22 that date I started work on it. 23 Q. Let's look at Exhibit E to 24 Exhibit 3. 25 A. I see that.</p>	Page 36
<p>1 LAURA CRAFT 2 Q. Let's look at tab 2, please. 3 We're just going to get this marked for 4 the record as Exhibit 2. 5 (Exhibit 2, Expert report of 6 Laura Craft dated November 10, 2021 7 was received and marked on this 8 date for identification.) 9 Q. Exhibit 2 Ms. Craft, do you 10 see Exhibit 2? 11 A. I do. 12 Q. Is this a copy of the report 13 that you issued on November 10th of 2021? 14 A. Let me just take a second and 15 scroll through it before I answer that. 16 Yes, it does appear to be that 17 report. 18 Q. And if we can please look at 19 tab 3, which we'll mark as Exhibit 3. 20 (Exhibit 3, expert report of 21 Laura Craft dated October 31, 2022 22 was received and marked on this 23 date for identification.) 24 Q. Ms. Craft, does Exhibit 3 25 appear to be your report issued October</p>	Page 35	<p>1 LAURA CRAFT 2 Q. This is the materials relied 3 upon list for this report, correct? 4 A. That's right. 5 Q. And you also mention in your 6 report that you're also incorporating the 7 materials relied upon in your previous 8 report from November 2021; is that right? 9 A. That's correct. 10 Q. This materials relied upon 11 list in Exhibit E of Exhibit 3 starts 12 with a FDA announcement about recalls; is 13 that right? 14 A. Yes. 15 Q. And in the Bates numbered 16 documents are all, correct me if I'm 17 wrong, contracts with MSP or I should say 18 contracts between MSP's assignors and -- 19 strike that. We'll do this later, to be 20 precise. 21 Are there any materials that 22 are not listed here that you considered 23 in forming your opinions? 24 MR. STANOCH: Objection to 25 form. And you just referenced her</p>	Page 37

<p>1 LAURA CRAFT 2 to her report, but discussed about 3 other things, but go ahead. 4 A. I don't agree with the 5 characterization that these are all 6 contracts with MSP, but if your question 7 is, did I rely on materials listed -- 8 that are not listed here, and not listed 9 on the materials relied upon in my 10 initial report, I'm not aware of any. 11 It certainly was my intention 12 to list everything and I hope I have not 13 failed to do so. 14 Q. Other than the December 2022 15 MSP data and the report of Mr. Kosty that 16 were recently provided to you, is there 17 anything else that you reviewed that's 18 not listed on this list for purpose of 19 today? 20 MR. STANOCH: And objection to 21 form. We served objections and 22 responses to the deposition notice 23 which identified additional 24 materials since the October 2022 25 report. But go ahead, Ms. Craft.</p>	Page 38	<p>1 LAURA CRAFT 2 (Exhibit 4, OnPoint Analytics 3 invoices dated January 1, 2022 to 4 October 31st, 2022 was received and 5 marked on this date for 6 identification.) 7 Q. Ms. Craft, just let me know 8 when you have that open. 9 A. Thank you. Okay. I have it 10 open. 11 Q. Ms. Craft, do you recognize 12 these as invoices issued by your firm 13 covering January 1, 2022 to October 31st, 14 2022? 15 A. That's what they appear to be. 16 Q. And do you know if your firm 17 has sent any additional invoices to 18 plaintiff's counsel since October 31st, 19 2022? 20 MR. STANOCH: Objection to 21 form. The first page is dated 22 December 13th, 2022. 23 MS. BRANCATO: Let me 24 rephrase. 25 Q. Are you aware of whether your</p>	Page 40
<p>1 LAURA CRAFT 2 A. Well, I think your question is 3 one I've previously answered, unless I am 4 misunderstanding it, which is the 5 additional materials that I considered 6 after the date of my October 31, 2022 7 report and in connection with preparing 8 my -- for my deposition today included 9 the new MSP production of its claims data 10 as well as Mr. Kosty's most recent 11 report. And as I said earlier this 12 morning, those are the only additional 13 materials that I reviewed in connection 14 with preparing for this deposition. 15 Q. Since you finalized your 16 report in November 2022 are there any 17 changes that you want to make to it at 18 this point? 19 A. No. 20 Q. Reviewing Mr. Kosty's report 21 did not change any of your opinions; is 22 that right? 23 A. That's correct. 24 Q. Let's look at tab 4, please, 25 which we'll mark as Exhibit 4.</p>	Page 39	<p>1 LAURA CRAFT 2 firm issued any other additional invoices 3 to plaintiff's counsel covering a time 4 after October 31st, 2022? 5 A. No, I'm not. 6 Q. Other than the time you spent 7 preparing for this deposition today, have 8 you incurred any other time related to 9 this matter since October 31st, 2022? 10 A. No. 11 Q. On the first page of Exhibit 4 12 toward the bottom there is an entry for 13 September 23rd, 2022 LRC emails with new 14 counsel re: New report. Do you see that? 15 A. I do. 16 Q. Is this approximately the time 17 when you started working on the October 18 31st report? 19 MR. STANOCH: Objection to 20 form. Go ahead. 21 A. It appears to be the time when 22 I had an email with the counsel about it. 23 I don't know that that's when I actually 24 started work. 25 The actual first substantive</p>	Page 41

<p>1 LAURA CRAFT 2 entry appears to be October 4, where I'm 3 reviewing something that's been supplied 4 by counsel, so in that vicinity. I don't 5 know how precise we need to be about the 6 date but clearly on September 23rd of 7 2022 I became aware there would be a new 8 report.</p> <p>9 Q. If you look at the second 10 page, please, there are a number of 11 entries on this page, starting with 12 October 24th, 2022. For KC where it 13 says, "Clean MSP and Xponent data, 14 extract relevant statistics, create 15 tables." Do you see that?</p> <p>16 A. I do.</p> <p>17 Q. And similar entries appear on 18 October 26th, October 27th and 28th. Do 19 you see those?</p> <p>20 A. I do.</p> <p>21 Q. What was the purpose of that 22 analysis?</p> <p>23 MR. STANOCH: Objection to 24 form and just caution the witness 25 not to reveal any attorney work</p>	Page 42	<p>1 LAURA CRAFT 2 MR. STANOCH: Objection to 3 form. Go ahead.</p> <p>4 A. Yes, it was. Although, I knew 5 there had to be additional fields to 6 supplement what MSP had been produced and 7 I believe we now see those in the data 8 that I received on December 19 of 2022.</p> <p>9 Q. Are you aware whether there 10 are still more fields that could be 11 produced by MSP, more than what you saw 12 in the production from December 19th, 13 2022?</p> <p>14 A. Well, when you say are there 15 more fields, the -- of course, there were 16 more fields at the time the claim was 17 adjudicated by the PBM. PBM data can 18 consist of anywhere from, say, 60 to 90 19 different fields, most of which are 20 irrelevant and get -- to this particular 21 case and get used only for very specific 22 kinds of entries.</p> <p>23 So there may, for example, be 24 controlled substance codes, where the 25 drug is one that is subject to</p>	Page 44
<p>1 LAURA CRAFT 2 product or any attorney 3 communications.</p> <p>4 A. I wanted to see what data MSP 5 had produced to determine whether it was 6 consistent with my understanding about 7 the type of data that is generated 8 simultaneously with every prescription 9 dispensing event and to see whether it 10 contained the industry standard fields 11 that are used to record and track how 12 much is paid for every prescription for 13 each NDC code and to allocate that price 14 between the third-party payor.</p> <p>15 So I was interested in 16 reviewing that data for the purpose of 17 understanding whether it was consistent 18 with my knowledge about how the industry 19 operates and the types of data that are 20 invariably generated and retained.</p> <p>21 Q. And was your conclusion from 22 that review that the MSP data was 23 consistent with how the industry operates 24 and the type of data that are invariably 25 generated and retained?</p>	Page 43	<p>1 LAURA CRAFT 2 distribution controls. There may be 3 specific fields for injectable drugs, 4 things of that sort. So there are many 5 many fields and PBM data.</p> <p>6 It is not always the case that 7 payors such as EmblemHealth and SummaCare 8 need or want all of those fields. What 9 they are interested in are the fields 10 that identify the transaction specifics 11 for each purchase by their members of a 12 prescription drug. So they want to know 13 where the transaction occurred, they want 14 to know when the transaction occurred, 15 they want to know what the pharmacy was, 16 they want to know how much was paid and 17 they want to know how that cost was 18 allocated, they want to know the quantity 19 dispensed.</p> <p>20 So those are the basic fields 21 that you would expect that an 22 EmblemHealth or SummaCare would likely 23 have in its data and I think we have 24 the -- all of the elements now present in 25 the later MSP production that would be</p>	Page 45

12 (Pages 42 - 45)

<p>1 LAURA CRAFT 2 relevant to determining damages in this 3 case. 4 Whether there are additional 5 fields not relevant to the determination 6 of damages that Summa or Emblem might 7 have, I simply would be speculating to 8 say that. I am certain there are 9 additional fields that PBMs have because 10 there always are but once again, they are 11 not fields that I would consider to be 12 relevant to the determination of damages. 13 Q. I just want to make sure I 14 understand. Your opinion is that we do 15 have with the December 2022 production 16 from MSP all of the data fields we need 17 to come up with a damages calculation; is 18 that right? 19 MR. STANOCH: Objection but go 20 ahead. 21 A. Yes. For the claims that are 22 involved in this bellwether case. 23 Q. You mentioned that PBMs may 24 have, in your experience, somewhere 25 between 60 and 90 fields in their claims</p>	Page 46	<p>1 LAURA CRAFT 2 Q. Let's go back to Exhibit 4, 3 please, which are your invoices, and I'm 4 still on page 2 and we were looking at 5 the entries related to cleaning MSP and 6 Xponent data and extracting relevant 7 statistic and creating tables. 8 What relevant statistics were 9 extracted from the MSP and Xponent data? 10 A. I don't recall but I am 11 certain it would have included date 12 ranges, identification of fields, 13 probably a matching to the NDCs that were 14 part of the case at that point. I don't 15 recall beyond that. 16 Q. Did you rely on those 17 statistics in putting together your 18 expert report from -- strike that. 19 Are you relying on those -- 20 strike that. 21 Did you rely on those 22 statistics in putting together your 23 October 31st expert report? 24 MR. STANOCH: Objection to 25 form.</p>	Page 48
<p>1 LAURA CRAFT 2 data; is that right? 3 A. In their processing data. The 4 term "claims data" is used somewhat 5 loosely and it may mean data that does 6 not include all of those fields because 7 the especially preserved record that is 8 audible and shared with the TPP may not 9 include every one of those fields but I 10 am aware that the data structure and 11 processing capabilities involve 60 to 90 12 or so different fields. 13 Q. So different PBMs may have a 14 different number of fields in their 15 processing data; is that right? 16 MR. STANOCH: Objection to 17 form. 18 A. Not that would be relevant to 19 this case but, yes, they may choose to 20 add fields that are not essential for the 21 operations but that have some value to 22 them or that have no relevance to this 23 particular drug or set of claims. PBMs 24 are free to supplement their data in 25 whatever way they choose.</p>	Page 47	<p>1 LAURA CRAFT 2 A. I don't think I relied on any 3 statistics. I relied upon what the 4 statistics revealed about the coverage of 5 the data that MSP had supplied, i.e., 6 that it reported in any usable form the 7 transactions by Emblem and SummaCare in 8 which they had paid for the products that 9 are the subject of this litigation and at 10 the time of that October 22 report, of 11 course the scope was broader, we weren't 12 talking about a narrower universe of 13 bellwether claims involving a smaller 14 universe of products, but I certainly 15 relied upon that kind of information to 16 know the time period over which the 17 claims data had been supplied, the 18 products to which the claims data 19 related, what fields had been supplied 20 for the claims data and how frequently 21 they were populated. This would be pretty 22 much standard procedure to effectively 23 inventory the data to have a good 24 understanding of what it included. 25 Q. I want to make sure I</p>	Page 49

<p>1 LAURA CRAFT 2 understand this correctly. 3 You relied upon the 4 conclusions of the statistics in forming 5 the opinions of your report; is that 6 right? 7 MR. STANOCH: Objection to 8 form, misstates the testimony. 9 A. I think what I just said was 10 that I didn't rely on the statistics, 11 themselves, but that was one way of just 12 capturing the information that I've 13 described to you. 14 I don't want to put excessive 15 weight on the statistics here. It is, as 16 I mentioned, standard procedure when you 17 are reviewing data to understand its 18 scope and coverage that you tabulate. 19 You might prefer the word tabulate. That 20 you just look at summaries of number of 21 transactions, number of fields, earliest 22 date end date. I did not directly rely 23 upon any of those numbers in providing my 24 October of 2022 report. They did inform 25 just my general understanding of the</p>	Page 50	<p>1 LAURA CRAFT 2 have described as just general workflow, 3 work procedure in looking at data. 4 Q. And did you rely on these 5 tables in putting together the opinions 6 in your October 2022 report? 7 MR. STANOCH: Objection to the 8 form. 9 A. I'm afraid I have to give you 10 the same answer that I did a moment ago. 11 Not the tables, per se. These tables 12 would have been created by the economist 13 who was doing the data processing to 14 provide a sense of the coverage of the 15 data, which I describe in my report as 16 having come from the PBMs that processed 17 claims. This is -- this is nothing but an 18 intermediate step between looking at the 19 raw data and reaching a conclusion about 20 the coverage of the data and its adequacy 21 to support a damage calculation. There is 22 nothing magic about these tables. They 23 are a mechanical effort to summarize 24 what's present in the data. That's all. 25 Q. Do you recall reviewing the</p>	Page 52
<p>1 LAURA CRAFT 2 scope and adequacy of the data. 3 This is a more efficient way 4 of doing this than having me review all 5 of the data myself, is to have a skilled 6 analyst look at the data and summarize 7 what's there. 8 Q. There is also a notation in 9 these bills for "create tables". Do you 10 see that? 11 A. I'm sorry. Your microphone 12 didn't quite catch that. 13 Q. Sure. I'm looking at the entry 14 for "create tables". Which appears a few 15 times on page 2. Do you see that? 16 A. I do see what you've 17 highlighted there. Thank you. 18 Q. Do you know -- I'm sorry. Go 19 ahead. 20 A. No. I was just going to say 21 what is the question? 22 Q. Do you know what tables were 23 created based on these entries? 24 A. I don't have any specific 25 recall. It's the process that I would</p>	Page 51	<p>1 LAURA CRAFT 2 tables in putting together your report? 3 MR. STANOCH: Objection to 4 form. 5 A. No, I don't. 6 Q. Okay. We can take Exhibit 4 7 down. 8 Ms. Craft, earlier we were 9 talking about EmblemHealth, SummaCare and 10 ConnectiCare. Do you recall that? 11 A. I recall all three had been 12 mentioned. We talked more about Emblem 13 and Summa, but I do remember mentioning 14 ConnectiCare. 15 Q. What is your understanding of 16 the relationship between ConnectiCare and 17 EmblemHealth? 18 A. Between Medicare and the 19 EmblemHealth? 20 Q. No. Between ConnectiCare and 21 EmblemHealth? 22 A. Oh, okay. Sorry. I believe 23 that ConnectiCare is an affiliate of 24 EmblemHealth that operates in 25 Connecticut, a separate entity, but it</p>	Page 53

<p>1 LAURA CRAFT 2 has some sort of affiliation and I don't 3 know what exactly the corporate structure 4 is for that affiliation. 5 Q. Are you aware of how the PBMs 6 differentiate data between ConnectiCare 7 and EmblemHealth? 8 MR. STANOCH: Objection to 9 form. 10 A. I'm sorry. Your question was 11 how they differentiate? 12 Q. Do you know what PBM 13 ConnectiCare uses? 14 A. I do not. 15 Q. You don't know if it's the 16 same PBM as EmblemHealth? 17 A. I do not. I do want to just 18 expand my answer slightly. 19 When you asked -- I was a bit 20 thrown when you asked how they 21 differentiate. PBMs always differentiate 22 their payor clients. And as you can see 23 in the data that was previously produced 24 by MSP, ConnectiCare claims are facially 25 completely distinct from EmblemHealth,</p>	Page 54	<p>1 LAURA CRAFT 2 affiliates and I said I don't know the 3 exact corporate structure of that 4 relationship. 5 Q. But it's your opinion that, 6 regardless of the corporate structure 7 that may exist between EmblemHealth and 8 ConnectiCare, you can clearly separate 9 out claims data between the two; is that 10 right? 11 MR. STANOCH: Objection to 12 form. 13 A. Absolutely. Insurance 14 companies, just because they may have 15 parents or subsidiaries, don't cease to 16 be separate entities and for the purpose 17 of tracking business in this highly 18 regulated industry they maintain their 19 separate identities. 20 Insurance companies must 21 report to State regulators in which they 22 operate, they must report to the National 23 Association of Insurance Commissioners. 24 There is a parent-child numbering 25 convention used in reporting to the NAIC</p>	Page 56
<p>1 LAURA CRAFT 2 they -- and that distinction appears in 3 the fields that were supplied. 4 So a plan sponsor must be 5 tracked separately and the -- as I'm sure 6 you know -- plan sponsors may -- are 7 required to contract with Medicare and 8 under those contracts are also separately 9 identified. 10 Q. Are you aware that the parent 11 company of ConnectiCare is EmblemHealth? 12 A. I'm sorry. I'm just having a 13 little bit of trouble with hearing. 14 That the current company of 15 EmblemHealth -- sorry, of ConnectiCare -- 16 repeat your question or read it back if 17 you would, please. 18 Q. Of course. Are you aware that 19 the parent company of ConnectiCare is 20 EmblemHealth? 21 A. As I said a moment ago, I'm 22 aware that they're affiliated 23 corporations. Whether it's a direct 24 parent relationship or not, I told you I 25 don't know. I knew they were corporate</p>	Page 55	<p>1 LAURA CRAFT 2 that takes the individual insurers and 3 rolls them up to a parent level using 4 different numbering systems. 5 The fact of a subsidiary 6 relationship does not obliterate the 7 corporate separateness or individual 8 reporting responsibilities of any 9 insurance company. 10 Q. I just want to make sure I 11 understand. I'm talking about PBM data 12 specifically and what the PBMs do on 13 their side. 14 Your opinion is that the PBM 15 claims data for ConnectiCare and 16 EmblemHealth are separate and clearly 17 distinctive; is that right? 18 MR. STANOCH: Objection to 19 form. 20 A. Clearly distinguishable, yes. 21 When you say separate, they may also be 22 linked by a client ID number or something 23 of the sort, but they are clearly 24 distinguishable. 25 Q. And they are clearly</p>	Page 57

<p>1 LAURA CRAFT 2 distinguishable by a field or maybe two 3 fields in the PBM data; is that right? 4 MR. STANOCH: Objection to 5 form. 6 A. I note that they were 7 distinguished in the data that was 8 produced by MSP through the use of two 9 separate fields, yes. 10 Q. And is there any way in your 11 experience to verify that the data for 12 EmblemCare is truly just for Emblem care 13 and doesn't include any ConnectiCare 14 data? 15 MR. STANOCH: Objection to 16 form. 17 A. I suppose one could audit 18 those claim records, including member IDs 19 and assure that, for example, the member 20 was a member of an Emblem versus 21 ConnectiCare claim, but I've not come 22 across that problem ever because the 23 nature of the legally required reporting 24 in this industry would -- would not 25 permit or allow separate entities to</p>	Page 58	<p>1 LAURA CRAFT 2 Q. Let's look again at Exhibit 3, 3 which is your report, your October 2022 4 report, to be clear. 5 Can we look at paragraph 3? 6 Does this paragraph accurately summarize 7 your assignment for this particular 8 report? 9 A. Yes. 10 Q. If we look at paragraph 1 of 11 Exhibit 3, there is a clause that starts 12 "alleged to have been contaminated." Do 13 you see that? 14 A. Yes. 15 Q. I just want to double check. 16 You're not offering any opinions about 17 the truth of any allegations related to 18 contamination, correct? 19 A. That's correct. 20 Q. And one more question on the 21 assignment in paragraph 3. Are there any 22 edits or changes that you have to that 23 assignment paragraph? 24 A. No. That was the scope of 25 assignment for the October report.</p>	Page 60
<p>1 LAURA CRAFT 2 simply report as their own claims data 3 that wasn't for their members. You have 4 to be able to track, and indeed in 5 Medicare Part D one must be able to track 6 using PBM data the experience, the 7 precise individual experience of the 8 specific plan for its enrolled members. 9 So it's antithetical to that reporting 10 responsibility that one would commingle 11 claims. 12 Q. And you have never audited the 13 claim records for any PBM; is that right? 14 MR. STANOCH: Objection to 15 form. 16 A. I've never performed an audit 17 of PBM records, that is true. 18 Q. Have you ever performed an 19 audit of TPP records like those from 20 Emblem or SummaCare? 21 A. Not that I would describe as 22 an audit. I am not an auditor, I have 23 examined hundreds and hundreds sets of 24 such records but not for the purpose of 25 performing an audit.</p>	Page 59	<p>1 LAURA CRAFT 2 Q. Paragraphs 2 and 3 of your 3 report talk about Exhibit D to the 4 report. Do you see that? 5 A. Yes, I see now the reference 6 to Exhibit D, yes. 7 Q. Am I right in understanding 8 that Exhibit D is a list of NDC codes for 9 valsartan-containing drugs manufactured 10 by Teva, Torrent or ZHP for which 11 EmblemHealth or SummaCare made payments 12 on behalf of their members? 13 A. Yes. 14 Q. Let's look at Exhibit D to 15 your report, it's toward the back. Thank 16 you. 17 A. If you don't mind, I'm going 18 to slightly modify -- there may be a 19 slight correction, because the phrase 20 that you just read was "NDCs for which 21 Emblem and SummaCare members made 22 purchases." 23 These are -- what Exhibit D 24 represents, to be clear, is defendant's 25 valsartan-containing drugs, so the</p>	Page 61

16 (Pages 58 - 61)

<p>1 LAURA CRAFT</p> <p>2 bellwether defendants. These are the NDCs</p> <p>3 that they marketed during the relevant</p> <p>4 period that are alleged to have been</p> <p>5 contaminated.</p> <p>6 I can't, as I sit here, verify</p> <p>7 for you that each one of these NDCs was</p> <p>8 purchased at least once by an Emblem</p> <p>9 member and SummaCare member. There may be</p> <p>10 some of these NDCs that did not end up</p> <p>11 being purchased.</p> <p>12 As I mentioned earlier this</p> <p>13 morning, a simple matching of the final</p> <p>14 column of Exhibit D, the NDC list, to the</p> <p>15 data provided by MSP representing</p> <p>16 SummaCare and EmblemHealth transactions,</p> <p>17 identifies the purchases that were for</p> <p>18 drugs listed on Exhibit D. But once</p> <p>19 again, I can't assure you that every one</p> <p>20 of these NDCs was purchased. I can merely</p> <p>21 tell you that it is a trivial action to</p> <p>22 compile a list of all the purchases</p> <p>23 reported by MSP that are for drugs on</p> <p>24 Exhibit D.</p> <p>25 Q. I see. And I appreciate that</p>	<p>Page 62</p>	<p>Page 64</p>
<p>1 LAURA CRAFT</p> <p>2 clarification. So Exhibit D are NDCs that</p> <p>3 Teva, Torrent or ZHP marketed during the</p> <p>4 relevant period that are alleged to be</p> <p>5 contaminated; is that right?</p> <p>6 A. Yes. They may not have been</p> <p>7 the direct marketer. So, for example, you</p> <p>8 see a manufacturer name for ZHP that may</p> <p>9 be Solco or AS Medication. In other</p> <p>10 words, ZHP may not, itself, have been the</p> <p>11 marketer.</p> <p>12 Q. I understand. So these are</p> <p>13 NDCs that Teva, Torrent or ZHP</p> <p>14 manufactured during the relevant time</p> <p>15 period that are alleged to have been</p> <p>16 contaminated; is that right?</p> <p>17 A. That's correct.</p> <p>18 Q. And sitting here today, you</p> <p>19 don't know which of these NDCs MSP may</p> <p>20 have paid for -- strike that.</p> <p>21 You don't know which of these</p> <p>22 NDCs MSP may have covered payments for</p> <p>23 its beneficiaries; is that right?</p> <p>24 MR. STANOCH: Objection to</p> <p>25 form. Go ahead.</p>	<p>Page 63</p>	<p>Page 65</p>
<p>1 LAURA CRAFT</p> <p>2 A. I could not go through and</p> <p>3 highlight this exhibit for you with a</p> <p>4 "yes" or "no" right now, but that's --</p> <p>5 that's facially apparent from the data</p> <p>6 that MSP has produced. Because for every</p> <p>7 purchase the NDC field is populated, as</p> <p>8 it must be.</p> <p>9 Q. Did you put Exhibit D</p> <p>10 together?</p> <p>11 A. Did I personally put it</p> <p>12 together? No, I did not.</p> <p>13 Q. Did someone at your firm put</p> <p>14 it together?</p> <p>15 A. We were supplied with the</p> <p>16 original NDC list, which was much</p> <p>17 broader. It was attached, I believe, to</p> <p>18 my original report in this case.</p> <p>19 We then reviewed the original</p> <p>20 list to determine which of those products</p> <p>21 were listed as having one of these three</p> <p>22 entities, it's really more than three</p> <p>23 entities, but affiliations, Teva, Torrent</p> <p>24 and ZHP. And I believe we confirmed the</p> <p>25 list that you see here as Exhibit D here</p>		

<p>1 LAURA CRAFT 2 my earlier report says that. 3 Q. Ms. Craft, you are not 4 offering any opinion about the quality of 5 the valsartan-containing drugs listed in 6 your Exhibit B, correct? 7 A. Well, I'm not expressing any 8 opinion about their contamination or the 9 level of any such contamination, but in 10 response to Mr. Kosty's report, which I 11 have, as I said, now reviewed, I can 12 assure you that if the contamination 13 alleged existed, then the quality, as 14 you've just described it in your 15 question, of those products was 16 unacceptable and they would have had -- 17 they would not have been allowed to be 18 marketed. 19 Q. Do you plan on offering that 20 opinion at trial? 21 MR. STANOCH: Objection to 22 form. 23 A. I have no control over what I 24 will be asked. I am merely responding to 25 what Mr. Kosty put in his report. And</p>	Page 66	<p>1 LAURA CRAFT 2 know what it means. 3 What Mr. Kosty said is that 4 the product still had value and should be 5 assigned some value and that I had failed 6 to take that into account. And what I'm 7 saying is that I do not believe that 8 contaminated drugs, with the potential to 9 cause a serious condition such as cancer, 10 have value. 11 I think it is simply -- it's 12 just a completely false premise that if 13 you put on the label of a drug that was 14 being dispensed to a consumer a big sign 15 that says contains MDMA, known to cause 16 cancer, that the consumer is going to 17 purchase it or that their prescribers can 18 prescribe it or that the FDA will allow 19 that to go on. 20 So I don't understand 21 Mr. Kosty's argument that you should 22 still credit some value to this just 23 because the products did, in fact, lower 24 high blood pressure. But I think it's a 25 completely unreal construction of the</p>	Page 68
<p>1 LAURA CRAFT 2 although he didn't use the word 3 "quality", which is the word that you 4 just used in your question, he certainly 5 took the position that these drugs still 6 had value no matter how much 7 cancer-causing contamination they might 8 contain. 9 I strenuously disagree with 10 that opinion. I do not believe anyone, if 11 they were told that these drugs had the 12 potential to induce cancer, would have 13 chosen to purchase them, nor do I believe 14 that that would have been consistent with 15 Federal drug regulation. 16 Q. You stated that in response to 17 Mr. Kosty's report your opinion is that 18 if the contamination did exist, then the 19 quality would be unacceptable. What does 20 "unacceptable" mean? 21 MR. STANOCH: Objection to 22 form. 23 A. I did not use the word 24 quality, you did. And I was specifically 25 careful not to use it because I don't</p>	Page 67	<p>1 LAURA CRAFT 2 world that is effectively designed to 3 create a get out of jail free card for a 4 manufacturer that knowingly sells 5 adulterated drugs. And I am expressing no 6 opinion about whether the defendants in 7 this case did knowingly sell adulterated 8 drugs. 9 I am saying that if they did 10 so it, to me, is preposterous to argue; 11 okay, yeah, they were adulterated but 12 they still had some beneficial 13 characteristics. That's not the point. 14 Q. Ms. Craft, you're not an 15 expert in consumer behavior, correct? 16 MR. STANOCH: Objection to 17 form. 18 A. Well, I don't know what the 19 field consumer behavior means, but I 20 certainly do know that I have studied 21 over the years responses to black box 22 warnings, and how they affect sales of 23 products. But no, I don't purport to be 24 an expert in consumer behavior. I 25 understand the field of pharmaceutical</p>	Page 69

<p>1 LAURA CRAFT 2 sales and regulation. 3 Q. And in this case, you have not 4 performed any kind of survey or other 5 analysis to determine whether consumers 6 would continue taking valsartan if they 7 were aware of some kind of alleged 8 contamination? 9 A. I have conducted no surveys. 10 MS. BRANCATO: Okay. We've 11 been going about an hour and a half 12 now, so why don't we take a quick 13 five minute break, if that's okay 14 with you guys. 15 THE WITNESS: Five minutes is 16 fine. 17 MS. BRANCATO: We can take 18 longer, Ms. Craft, if you want. 19 THE WITNESS: No, I do not 20 need a longer break. Five minutes 21 will be just fine. Thank you. 22 VIDEOGRAPHER: Time is 9:32. 23 This ends Media Unit 1. Going off 24 the record. 25 (Recess is taken.)</p>	Page 70	Page 72
<p>1 LAURA CRAFT 2 VIDEOGRAPHER: The time is 3 9:42 and this is unit 2 and we are 4 back on the record. 5 Q. Ms. Craft, the issue of 6 whether the valsartan drugs at issue in 7 this case have value or not is -- does 8 not affect the question of whether the 9 PBM claims data that you looked at is 10 sufficient to identify MSP's potential 11 damages in this case, correct? 12 A. Well, although the sound was 13 very blurry on your last three words 14 there, the claim damages, as I understand 15 it, are the amounts, in fact, paid by MSP 16 for those products. 17 And you're right, if 18 defendants accept the theory that the 19 damages are comprised of the total amount 20 of those payments then, yes, the data is 21 totally adequate to do that. 22 I only raise the question of a 23 possible alternative value, which I think 24 is an inappropriate approach because it 25 was raised by Mr. Kosty. What the value</p>	Page 71	Page 73

<p>1 LAURA CRAFT</p> <p>2 November 2021 report; is that right?</p> <p>3 A. Yes. Because those same</p> <p>4 subjects are relevant specifically to</p> <p>5 what are now the bellwether claims and</p> <p>6 parties.</p> <p>7 Q. Let's look as paragraph 9,</p> <p>8 please, of Exhibit 3 this is discussing</p> <p>9 NDC codes, correct?</p> <p>10 A. Yes. Paragraph 9 does discuss</p> <p>11 NDC codes.</p> <p>12 Q. The NDC code doesn't tell you</p> <p>13 what lot number a given prescription was</p> <p>14 filled from, correct?</p> <p>15 A. It does not.</p> <p>16 Q. And multiple lots of a drug</p> <p>17 product can have the same NDC code,</p> <p>18 correct?</p> <p>19 A. They not only can, they must.</p> <p>20 A NDC code pertains to a higher category.</p> <p>21 A lot is a subdivision based on</p> <p>22 production dates and locations of that</p> <p>23 NDC.</p> <p>24 Q. Look at paragraph 14 of your</p> <p>25 report, please. Ms. Craft, in this</p>	Page 74	<p>1 LAURA CRAFT</p> <p>2 The second, which actually has</p> <p>3 a couple of components, is determining</p> <p>4 how the drug is going to be treated and</p> <p>5 that means specifically what is its tier</p> <p>6 on a formulary and what is the benefit</p> <p>7 design of the plan. So the use of co-pays</p> <p>8 versus co-deductibles, whether the drug,</p> <p>9 itself, is even covered or whether it is</p> <p>10 excluded from the plan's formulary.</p> <p>11 So all of those things are</p> <p>12 determined using the combination of</p> <p>13 benefit design data and the formulary for</p> <p>14 the plan.</p> <p>15 Then, third, which really</p> <p>16 should be broken down into two parts,</p> <p>17 third and fourth, the third, the</p> <p>18 adjudication process sets the price that</p> <p>19 will be paid to the pharmacy and it does</p> <p>20 so by consulting the PBM's electronic</p> <p>21 records of the negotiated prices with the</p> <p>22 particular pharmacy where the</p> <p>23 prescription is being filled, and that</p> <p>24 sets the ingredient cost that will be</p> <p>25 charged. It also simultaneously sets the</p>	Page 76
<p>1 LAURA CRAFT</p> <p>2 paragraph you list -- you say claims</p> <p>3 adjudication performs four basic</p> <p>4 functions, and then you go on to list</p> <p>5 first, second and third, but I don't see</p> <p>6 a fourth. So I just wanted to ask you is</p> <p>7 there a forth and, if so, where is it or</p> <p>8 should it be that there are three basic</p> <p>9 functions? I just want to make sure we're</p> <p>10 not missing anything.</p> <p>11 A. Well, that's an embarrassing</p> <p>12 oversight. Let me expand on this.</p> <p>13 The truth is you can break</p> <p>14 this down into lots of subparts. You can</p> <p>15 break it down into nine or ten functions</p> <p>16 that are performed.</p> <p>17 What I was trying to capture</p> <p>18 here is that the eligibility is</p> <p>19 determined through claims adjudication,</p> <p>20 meaning is the consumer covered by the</p> <p>21 plan. The second -- and that, by the way,</p> <p>22 means consulting the electronic</p> <p>23 enrollment records to make sure that the</p> <p>24 consumer is still a beneficiary of the</p> <p>25 plan.</p>	Page 75	<p>1 LAURA CRAFT</p> <p>2 dispensing fee that will be paid to that</p> <p>3 pharmacy.</p> <p>4 Then, really, the final step</p> <p>5 of relevance here is that that ingredient</p> <p>6 cost gets split in this process between</p> <p>7 the consumer and the third-party payor,</p> <p>8 Emblem and Summa in this case, gets</p> <p>9 divided into two parts that, when put</p> <p>10 together, cover the entire approved</p> <p>11 ingredient cost and, thereby, creates</p> <p>12 effectively the payment obligation of the</p> <p>13 plan sponsor, Emblem or Summa, and the</p> <p>14 consumer, to pay the pharmacy. It also,</p> <p>15 of course, creates the electronic record</p> <p>16 of the plan sponsor's obligation to pay a</p> <p>17 dispensing fee to the pharmacy for the</p> <p>18 transaction.</p> <p>19 So, and as I point out here,</p> <p>20 this later allocation calculation goes</p> <p>21 back and takes into account the claim</p> <p>22 history of the individual consumer by</p> <p>23 looking at whether they've paid their</p> <p>24 out-of-pocket deductible, whether there</p> <p>25 are any caps.</p>	Page 77

<p>1 LAURA CRAFT</p> <p>2 And I should add to the</p> <p>3 purpose of this discussion specifically</p> <p>4 about Emblem and SummaCare, since they</p> <p>5 are Medicare Part D plans, also a record</p> <p>6 of the coverage phase in which the</p> <p>7 consumer currently sits at the time the</p> <p>8 prescription is filled. And that coverage</p> <p>9 phase is determined by the consumer's</p> <p>10 TrOOP dollar amount, so their true</p> <p>11 out-of-pocket dollar amount, which is</p> <p>12 separately tracked for all Medicare Part</p> <p>13 D plans by the TrOOP facilitator, which</p> <p>14 during the period we're looking at here,</p> <p>15 was Relay Health, which operated as a</p> <p>16 TrOOP facilitator across all Med d plans,</p> <p>17 to keep track of each individual's</p> <p>18 out-of-pocket contributions so that it</p> <p>19 was possible to determine when they</p> <p>20 progressed from the deductible phase to</p> <p>21 the initial coverage phase, from the</p> <p>22 initial coverage phase to the gap phase,</p> <p>23 from the gap phase, having met the</p> <p>24 out-of-pocket threshold, to the</p> <p>25 catastrophic phase.</p>	<p>Page 78</p>	<p>1 LAURA CRAFT</p> <p>2 determine that by the extremely low cost</p> <p>3 share of the consumer, but that would be</p> <p>4 an inference as opposed to an explicit</p> <p>5 determination.</p> <p>6 That explicit determination,</p> <p>7 based on the up-to-date TrOOP values at</p> <p>8 the moment that each of these purchases</p> <p>9 occurred was already made to arrive at</p> <p>10 those dollar amounts. But no, the field</p> <p>11 that identifies the phase of coverage in</p> <p>12 which the consumer sits is not included</p> <p>13 in this data.</p> <p>14 Q. And when you say you could</p> <p>15 infer it based on extremely low cost, is</p> <p>16 there a threshold that you would use?</p> <p>17 A. So I said cost share, not</p> <p>18 cost. There is a difference.</p> <p>19 So the point is that in the</p> <p>20 catastrophic phase the consumer's portion</p> <p>21 of the ingredient cost drops dramatically</p> <p>22 and is typically quite small. I have not</p> <p>23 attempted to study for these -- for this</p> <p>24 data and these plans what the consumer</p> <p>25 shares look like and how they changed, so</p>	<p>Page 80</p>
<p>1 LAURA CRAFT</p> <p>2 Q. Is there anything else that</p> <p>3 you'd add to paragraph 14.</p> <p>4 A. Well, I could supply many more</p> <p>5 details but I think conceptually those</p> <p>6 are the moving parts that are relevant</p> <p>7 for this particular dispute.</p> <p>8 Q. The MSP data that you reviewed</p> <p>9 from December of 2022, does it include</p> <p>10 information about coverage phase?</p> <p>11 A. No, it does not. But that is</p> <p>12 implicitly used to perform the</p> <p>13 calculation for which you see the payment</p> <p>14 obligations reported. In other words,</p> <p>15 that's an essential precursor to arriving</p> <p>16 at that split of the drug cost between</p> <p>17 the consumer and the plan.</p> <p>18 Q. Looking at the PBM data -- I'm</p> <p>19 sorry. Strike that.</p> <p>20 Looking at the MSP data from</p> <p>21 December 2022, is there any way to know</p> <p>22 whether a particular transaction came</p> <p>23 from a particular customer that was in</p> <p>24 the catastrophic phase, for example?</p> <p>25 A. Inferentially one could</p>	<p>Page 79</p>	<p>1 LAURA CRAFT</p> <p>2 I wouldn't want to express any opinion</p> <p>3 about the ability to reliably identify</p> <p>4 phase of coverage from each of the</p> <p>5 additional costs -- from each of the</p> <p>6 reported cost allocations.</p> <p>7 Q. Okay. So sitting here today,</p> <p>8 you don't have an opinion about the</p> <p>9 ability to reliably identify phase of</p> <p>10 coverage from the cost allocations in the</p> <p>11 PBM -- I'm sorry -- the MSP data; is that</p> <p>12 right?</p> <p>13 A. That's right. It's not a</p> <p>14 question I've analyzed and I, therefore,</p> <p>15 can't give you an opinion about that, as</p> <p>16 we sit here.</p> <p>17 Q. Let's look at paragraph 21.</p> <p>18 Your opinion is that in order to</p> <p>19 determine damages for EmblemHealth or</p> <p>20 SummaCare we just have to look at the PBM</p> <p>21 data; is that right?</p> <p>22 A. Yes, I would say that is</p> <p>23 accurate. The paragraph that you are</p> <p>24 currently showing me on the screen is a</p> <p>25 piece of background information that</p>	<p>Page 81</p>

<p>1 LAURA CRAFT 2 pertains to non-insured consumers. It is 3 not specifically relevant to Emblem or 4 SummaCare. 5 There shouldn't be any need 6 for pharmacy data of any kind for Emblem 7 or SummaCare purchases precisely because 8 they do go through the PBM adjudication 9 process. 10 Q. Okay. So for determining the 11 amount of EmblemCare -- I'm sorry -- 12 EmblemHealth or SummaCare damages, we 13 don't need to look at any pharmacy 14 records; is that right? 15 A. Yes, I would agree with that. 16 Q. And we don't really need to 17 look at anything except the PBM claims 18 data; is that right? 19 A. That is my opinion. And I 20 should say you are repeatedly using, 21 Ms. Brancato, the phrase "the PBM data". 22 I want to be more specific. 23 MSP has produced claims data 24 which was sourced from the PBM data. So I 25 am -- I don't mean in answering your</p>	Page 82	<p>1 LAURA CRAFT 2 Q. You are aware that Medicare 3 Part D sponsors such as Emblem and Summa 4 have financial arrangements with CMC -- 5 or CMS? Sorry. 6 A. Well, let me just be a little 7 more precise, if I may. 8 Medicare Part D plan sponsors 9 have reporting obligations to CMS. They 10 have data retention obligations in their 11 contracts with CMS. 12 With regard to financial 13 arrangements, there are a set of 14 statutory and regulatory structures for 15 computing subsidies that will be paid to 16 plan sponsors through CMS by effectively 17 the Federal government. 18 If what you are referring to 19 are the subsidy arrangements, these are 20 -- these are not individually negotiated 21 contract terms, they're just the 22 structural parameters under which 23 Medicare Part D plans operate. 24 Yes, those arrangements, if 25 you want to use that term, I am hesitant</p>	Page 84
<p>1 LAURA CRAFT 2 questions to imply that it is necessary 3 to go back to the PBM. 4 Q. Understood. I appreciate that 5 clarification and I will try to be more 6 precise. 7 Ms. Craft, you mentioned 8 earlier that EmblemHealth and SummaCare 9 are Medicare Part D sponsors, right? 10 A. That's right. 11 Q. And as Medicare Part D 12 sponsors, both EmblemHealth and SummaCare 13 have financial arrangements with the 14 Centers For Medicare and Medicaid 15 Services; is that right? 16 A. Yes, the kind of standard 17 contracting that every insurer offering a 18 Medicare Part D plan is required to 19 execute with CMS. 20 Q. And part of that standard 21 contracting are special financial 22 arrangements specific to Medicare part D 23 plans, correct? 24 A. I have no idea what you mean 25 by "special financial arrangements".</p>	Page 83	<p>1 LAURA CRAFT 2 about that because it suggests an 3 individually negotiated set of rules, 4 which these are absolutely not, those 5 structures are referred to in the 6 contracts. And they are, once again, 7 applicable, they exist by virtue of 8 statute and regulation and they are 9 consistent across the plans. 10 Q. You are aware that 11 EmblemHealth and SummaCare, as Medicare 12 Part D sponsors, receive subsidies from 13 the Federal government, correct? 14 A. Yes, I believe I just referred 15 to that in my last answer. 16 Q. And the government subsidies 17 that are paid to Medicare Part D sponsors 18 like Emblem and Summa ultimately impact 19 the net price paid for a particular 20 prescription, correct? 21 A. I don't know what you mean by 22 "net price". 23 MS. BRANCATO: Hey, Dave, I 24 saw your mouth move but no 25 objection was noted. I'm just</p>	Page 85

<p style="text-align: right;">Page 86</p> <p>1 LAURA CRAFT 2 worried you might not be connected 3 and I wanted to clarify. 4 MR. STANOCH: Thank you. I was 5 objecting to form. I actually tried 6 to object to form a couple of 7 earlier ones, but thank you for 8 noting it. 9 THE WITNESS: I apologize, I 10 didn't see that. 11 MR. STANOCH: Not your fault, 12 Ms. Craft. 13 Q. The government subsidies that 14 are paid to Medicare Part D sponsors like 15 Emblem and Summa impact the price that 16 those Medicare Part D sponsors may pay 17 for any given prescription, correct? 18 MR. STANOCH: Objection to 19 form. 20 A. The price is the price that is 21 negotiated with the pharmacy and it is 22 required to be accurately and correctly 23 reported to CMS by the plan sponsors. I 24 believe that what your question is trying 25 to get at is the assumption that</p>	<p style="text-align: right;">Page 88</p> <p>1 LAURA CRAFT 2 mischaracterizes their function and 3 operation in the overall Medicare Part D 4 structure. 5 Q. What specifically is Mr. Kosty 6 ignoring about the underlying purpose and 7 function of the subsidiaries -- 8 subsidies? You know what I'm saying? 9 MR. STANOCH: Objection to 10 form. But go ahead, Ms. Craft. 11 (Reporter clarification.) 12 Q. Let me restart. 13 Ms. Craft, what specifically 14 is Mr. Kosty ignoring about the 15 underlying purpose and function of the 16 subsidies? 17 MR. STANOCH: Objection to 18 form. 19 A. Okay. Mr. Kosty assumes that 20 where there is funding, and he uses that 21 term, supplied by the Federal government 22 to Part D sponsors, it is effectively an 23 offset on the price paid for any 24 individual drug. I disagree with that 25 basic construct.</p>
<p style="text-align: right;">Page 87</p> <p>1 LAURA CRAFT 2 subsidies somehow change that price. That 3 is a position I would not agree with. 4 Q. And why don't you agree? 5 A. Because they don't. The way 6 these subsidies are structured is, 7 although the amount of subsidies may be 8 calculated by the summation of prices 9 actually paid across all drugs purchased, 10 paid for or reimbursed by the Medicare 11 Part D sponsors, it is not the case that 12 the subsidy is changing the price that 13 was charged and paid at the time of sale 14 by that drug. 15 Q. Is the subsidy changing the 16 ultimate cost for by Emblem or Summa? 17 MR. STANOCH: Objection do 18 form. 19 A. No. And I think -- I think 20 this is the problem with Mr. Kosty's 21 report, is that it ignores the underlying 22 purpose and function of these subsidies. 23 He refers to how there are 24 four types of subsidies and briefly 25 mentions each of them, but I think he</p>	<p style="text-align: right;">Page 89</p> <p>1 LAURA CRAFT 2 Every business seeks to fund 3 all of its costs. It is generally the 4 case that businesses do not embark 5 intending to create losses. This is 6 absolutely true for insurance companies. 7 The word "funding" is a word 8 that is generally used in healthcare 9 finance to refer to all of the sources of 10 funds that the business has to use in its 11 operations. So those may include consumer 12 premium, they may include contributions 13 from other sources and Mr. Kosty singles 14 out the Federal contributions to the 15 funds used by these Part D sponsors as 16 though they had some unique and specific 17 characteristic that transforms them into 18 an assumption of liability to pay for a 19 particular purchase price. And there are 20 two reasons why I think that is just 21 fundamentally wrong. 22 The first reason why I think 23 it's fundamentally wrong is that it 24 overlooks the purpose and intent behind 25 the creation of Medicare Part D, which</p>

<p>1 LAURA CRAFT</p> <p>2 became effective -- was enacted in 2003</p> <p>3 and became effective in 2006.</p> <p>4 This country was facing a</p> <p>5 growing crisis over the cost of</p> <p>6 prescription medications and, more</p> <p>7 specifically, the ability of those 65 and</p> <p>8 older, so probably would have been called</p> <p>9 at the time senior citizens to afford to</p> <p>10 buy their prescription medications.</p> <p>11 Insurance was becoming</p> <p>12 increasingly difficult to find that</p> <p>13 provided adequate prescription drug</p> <p>14 coverage for those individuals and as a</p> <p>15 result many of them did not have drug</p> <p>16 coverage or were paying extremely high</p> <p>17 out-of-pocket cost shares.</p> <p>18 This was recognized to present</p> <p>19 an enormous public health challenge</p> <p>20 simply because there was affordable</p> <p>21 prescription drug coverage that would</p> <p>22 specifically target this population.</p> <p>23 The group of individuals that</p> <p>24 are covered by Part D, consisting of</p> <p>25 those 65 and older and those are</p>	Page 90	Page 92
<p>1 LAURA CRAFT</p> <p>2 permanently disabled, as determined by</p> <p>3 two years enrollment in Social Security</p> <p>4 due to disability status, is that they</p> <p>5 are high-risk consumers. This is what we</p> <p>6 call in the field of healthcare</p> <p>7 insurance, a high-risk pool and they're</p> <p>8 high risk because they're going to use</p> <p>9 more medications than the average</p> <p>10 consumer and across all age ranges and</p> <p>11 demographics and those drugs are likely</p> <p>12 also to be more expensive.</p> <p>13 So the problem was, so given</p> <p>14 the limited capacity of this population,</p> <p>15 combined with their high need for</p> <p>16 prescription drugs, there was no such</p> <p>17 thing as a plan that would single them</p> <p>18 out as a group of potential members and</p> <p>19 would want to cover them, because any</p> <p>20 price that that insurer would have to</p> <p>21 charge as premiums would be impossible</p> <p>22 for the consumers to pay in the aggregate</p> <p>23 and the plan, itself, would go into what</p> <p>24 is sometimes described as a death spiral,</p> <p>25 in which adverse selection plays a role</p>	Page 91	Page 93

24 (Pages 90 - 93)

<p>1 LAURA CRAFT</p> <p>2 as opposed to premium that would come in</p> <p>3 from a consumer or larger co-pays that</p> <p>4 would come in from a consumer, that these</p> <p>5 dollars are any different. They are a</p> <p>6 funding source. And so I do not agree</p> <p>7 with the basic assumption that anything</p> <p>8 the Federal government pays is something</p> <p>9 other than an amount that would have been</p> <p>10 paid for by consumers in a standard</p> <p>11 prescription drug plan.</p> <p>12 And I know this has been a</p> <p>13 very long answer but it's kind of an</p> <p>14 important concept and I -- I just want to</p> <p>15 add one more thing.</p> <p>16 When we're comparing a</p> <p>17 Medicare Part D plan to another kind of</p> <p>18 commercial insurance offering</p> <p>19 prescription drug coverage, it's</p> <p>20 important to understand that when the</p> <p>21 insurers price their plans to consumers</p> <p>22 when they're not subsidized, they're</p> <p>23 taking into account all of the projected</p> <p>24 costs, i.e., costs of drugs that will be</p> <p>25 purchased by their members just the same</p>	<p>Page 94</p>	<p>1 LAURA CRAFT</p> <p>2 questions about that answer but when you</p> <p>3 first started responding you said that</p> <p>4 you think there are two reasons why</p> <p>5 Mr. Kosty is singling out Federal</p> <p>6 contributions was fundamentally wrong and</p> <p>7 then you said, number one, the purpose</p> <p>8 and intent behind Medicare Part D.</p> <p>9 Is there a number two or what</p> <p>10 is number two?</p> <p>11 A. Yeah. Number two is simply he</p> <p>12 says repeatedly in his report that these</p> <p>13 plan sponsors are not at risk. And that</p> <p>14 is just flatly wrong and it's</p> <p>15 contradicted by his own report where he</p> <p>16 only tells you half the story. He talks</p> <p>17 about the fact that losses may be shared</p> <p>18 with CMS. He doesn't quite accurately</p> <p>19 describe how that happens. But it is true</p> <p>20 that where total drug costs exceed the</p> <p>21 amount that was budgeted at the beginning</p> <p>22 of the year by -- where the total drug</p> <p>23 costs are more than 105% of what was</p> <p>24 budgeted, that there is a sharing of the</p> <p>25 resulting losses effectively those costs</p>	<p>Page 96</p>
<p>1 LAURA CRAFT</p> <p>2 way that Medicare Part D does. They</p> <p>3 undertake actuarial exercises where they</p> <p>4 say, we think we're going to have X</p> <p>5 number of people with minimal usage of</p> <p>6 the plan, Y number of people with</p> <p>7 moderate usage, we're going to have Z</p> <p>8 number of people who are going to have</p> <p>9 high claims levels.</p> <p>10 They do the same kind of</p> <p>11 targeting and estimation as the Federal</p> <p>12 government does. There is nothing special</p> <p>13 about that. That's how premiums are</p> <p>14 calculated, using actuarial science to</p> <p>15 cover costs. And I think the fact that</p> <p>16 Medicare Part D has a more specifically</p> <p>17 and compartmentalized way of doing that</p> <p>18 that's very visible to us through the</p> <p>19 subsidies doesn't change the substance of</p> <p>20 what's going on.</p> <p>21 Okay. That was a long answer,</p> <p>22 but that's the basic paradigm that I</p> <p>23 think is completely missing from</p> <p>24 Mr. Kosty's report.</p> <p>25 Q. Okay. I'll ask some followup</p>	<p>Page 95</p>	<p>1 LAURA CRAFT</p> <p>2 between CMS and the plan sponsor.</p> <p>3 First of all, that -- that</p> <p>4 risk-sharing is symmetric. It applies to</p> <p>5 lower than expected drug costs as well as</p> <p>6 higher than expected drug costs. The</p> <p>7 corridor is a 5% difference on either</p> <p>8 side. In that 10% range, the consequences</p> <p>9 belong 100% to the plan sponsor. They</p> <p>10 take the loss, they get the profit.</p> <p>11 That's how it works. And even outside of</p> <p>12 that 10% range, the variance from the</p> <p>13 originally budgeted costs is only shared</p> <p>14 pursuant to a percentage formula between</p> <p>15 CMS and the plan sponsor. So any</p> <p>16 statements that they do not operate at</p> <p>17 risk are just wrong and very misleading.</p> <p>18 It makes it sounds as though</p> <p>19 the plan sponsor is nothing but an</p> <p>20 administrative agent for the Federal</p> <p>21 government, and that's not true.</p> <p>22 CMS has no responsibility to</p> <p>23 pay the pharmacy. CMS has no</p> <p>24 responsibility to members under these</p> <p>25 plans to pay their claims. CMS is not a</p>	<p>Page 97</p>

25 (Pages 94 - 97)

<p>1 LAURA CRAFT</p> <p>2 party to these plans that are offered to</p> <p>3 the market.</p> <p>4 It agrees to make Federal</p> <p>5 subsidy funding available to the plan</p> <p>6 sponsor but it is not a party to that</p> <p>7 purchase obligation, that purchase</p> <p>8 transaction, and it has no duties or</p> <p>9 obligations in connection with that</p> <p>10 transaction. It is a secondary source of</p> <p>11 funding to the plan sponsor and nothing</p> <p>12 more.</p> <p>13 So I don't think whatever CMS</p> <p>14 used is relevant to the question; how</p> <p>15 much did these plans, in fact, pay for</p> <p>16 drugs that allegedly should not have been</p> <p>17 sold or made available to their members?</p> <p>18 Q. So the bottom line is that,</p> <p>19 and correct me if I'm wrong, I just want</p> <p>20 to make sure I'm understanding what your</p> <p>21 opinion is today, any CMS subsidies,</p> <p>22 reimbursements, whatever types of phrase</p> <p>23 you want to use, any amounts that went</p> <p>24 from CMS to EmblemHealth or SummaCare are</p> <p>25 irrelevant for purposes of calculating</p>	Page 98	Page 100
<p>1 LAURA CRAFT</p> <p>2 the damages that Emblem or SummaCare may</p> <p>3 have incurred in this case?</p> <p>4 MR. STANOCH: Objection to</p> <p>5 form.</p> <p>6 A. But you're correct, that is my</p> <p>7 opinion. I think what is relevant is the</p> <p>8 amount that the plans paid the</p> <p>9 pharmacies, and they did pay those</p> <p>10 amounts to the pharmacies.</p> <p>11 Mr. Kosty even -- doesn't even</p> <p>12 dispute that in his report. He doesn't</p> <p>13 even dispute that the PBM data correctly</p> <p>14 reports the amounts that were paid by the</p> <p>15 plan sponsors to the pharmacies. And I</p> <p>16 think that is the correct value to look</p> <p>17 at in damages.</p> <p>18 Now, I'm not -- I am not the</p> <p>19 damages expert in this case. I have not</p> <p>20 been asked and do not expect to express</p> <p>21 any opinions about damages, but I did</p> <p>22 need to respond to the fact that I think</p> <p>23 Mr. Kosty's assumption that just because</p> <p>24 the plans have a source of funding in</p> <p>25 lieu of higher charges to their members</p>	Page 99	Page 101

<p style="text-align: right;">Page 102</p> <p>1 LAURA CRAFT</p> <p>2 Q. You mention risk-sharing and</p> <p>3 the fact that if there are lower than</p> <p>4 expected costs within that 5% range, that</p> <p>5 is risk borne by third-party payors or</p> <p>6 Medicare Part D like Emblem and Summa,</p> <p>7 right?</p> <p>8 A. I think you said lower rather</p> <p>9 than higher in your question.</p> <p>10 If the drug costs are lower</p> <p>11 than expected, then that's more profit</p> <p>12 and so at that point that profit up to a</p> <p>13 5% difference between the actual and</p> <p>14 projected cost is retained by the plan</p> <p>15 sponsor.</p> <p>16 It's the other direction,</p> <p>17 where if the costs are higher than</p> <p>18 expected, just like any business, if</p> <p>19 you're running a business and your costs</p> <p>20 end up being higher than expected, you</p> <p>21 might put yourself into a loss position.</p> <p>22 And it is true that because the cost, the</p> <p>23 fundamental cost of operating a</p> <p>24 prescription drug plan is paying for the</p> <p>25 drugs, if those costs are greater than</p>	<p style="text-align: right;">Page 104</p> <p>1 LAURA CRAFT</p> <p>2 MR. STANOCH: Objection to</p> <p>3 form. Go ahead.</p> <p>4 A. If the drug costs are less</p> <p>5 than 95% of originally budgeted, then a</p> <p>6 portion of that cost savings, a portion,</p> <p>7 never all, a portion of that cost savings</p> <p>8 would be shared with CMS.</p> <p>9 Q. And in the same way it's your</p> <p>10 opinion that we shouldn't take into</p> <p>11 account any payments from CMS to Summa or</p> <p>12 Emblem as a result of prescription costs</p> <p>13 going over the original budget, I assume</p> <p>14 it's also your opinion that we also</p> <p>15 shouldn't take into account any portion</p> <p>16 of the -- all or any portion of the</p> <p>17 profit sharing that happens with CMS if</p> <p>18 prescription amounts are lower than the</p> <p>19 budget, correct?</p> <p>20 MR. STANOCH: Objection to</p> <p>21 form.</p> <p>22 A. Yes. I would agree with your</p> <p>23 statement. And I would point out that</p> <p>24 this would be literally dancing on the</p> <p>25 head of a pin to say that the amounts</p>
<p style="text-align: right;">Page 103</p> <p>1 LAURA CRAFT</p> <p>2 expected, then you may lose money and</p> <p>3 that risk is borne exclusively by the</p> <p>4 plan sponsor up to the point of a 5%</p> <p>5 increase over the projected cost and,</p> <p>6 thereafter, is shared with the Federal</p> <p>7 government.</p> <p>8 Q. On the flip side that you</p> <p>9 started talking about at the beginning of</p> <p>10 your answer, if drug costs are lower than</p> <p>11 expected, then that's more profit to the</p> <p>12 plan sponsor up to a 5% difference, what</p> <p>13 happens after that point?</p> <p>14 A. There is a sharing on a</p> <p>15 percentage basis of those differences</p> <p>16 between CMS and the plan sponsor and it</p> <p>17 depends on magnitude of the difference.</p> <p>18 So there are brackets. It's -- the</p> <p>19 greater the difference from the original</p> <p>20 budget, the greater the share that is</p> <p>21 allocated to CMS.</p> <p>22 Q. So essentially a Medicare Part</p> <p>23 D sponsor like Emblem or Summa would have</p> <p>24 to share its profits with CMS; is that</p> <p>25 right?</p>	<p style="text-align: right;">Page 105</p> <p>1 LAURA CRAFT</p> <p>2 paid for valsartan should somehow be</p> <p>3 adjusted or offset by any risk corridor</p> <p>4 payments either direction for literally</p> <p>5 tens of thousands of drugs made over the</p> <p>6 course of an entire year by a plan</p> <p>7 sponsor. I simply do not understand the</p> <p>8 logic for saying that that somehow alters</p> <p>9 the price that Emblem or Summa paid for</p> <p>10 those drugs.</p> <p>11 Q. Have you ever attempted to do</p> <p>12 any kind of tracing from price or the</p> <p>13 cost paid by Emblem or Summa for a</p> <p>14 particular prescription or a set of</p> <p>15 prescriptions to the subsidies received</p> <p>16 from CMS?</p> <p>17 MR. STANOCH: Objection to</p> <p>18 form.</p> <p>19 A. No.</p> <p>20 Q. And so sitting here today,</p> <p>21 you're not sure whether or not it's even</p> <p>22 possible to trace an individual</p> <p>23 prescription price back to subsidies that</p> <p>24 Emblem or Summa may have received from</p> <p>25 CMS?</p>

<p>1 LAURA CRAFT</p> <p>2 A. I did not --</p> <p>3 MR. STANOCH: Objection --</p> <p>4 A. -- say that.</p> <p>5 MR. STANOCH: Objection to</p> <p>6 form.</p> <p>7 Q. Do you believe it's possible</p> <p>8 to trace an individual prescription or a</p> <p>9 set of prescriptions -- strike that. Let</p> <p>10 me rephrase.</p> <p>11 Do you believe it's possible</p> <p>12 to trace the impact of a subsidy paid by</p> <p>13 CMS to Emblem or Summa down through a</p> <p>14 particular cost or price paid for a</p> <p>15 prescription?</p> <p>16 MR. STANOCH: Objection to</p> <p>17 form.</p> <p>18 A. I need you to be specific</p> <p>19 about what subsidy you're talking about.</p> <p>20 That is a compound and very difficult</p> <p>21 question as is framed.</p> <p>22 Q. I'm asking for all subsidies</p> <p>23 right now.</p> <p>24 Do you have a general opinion</p> <p>25 about whether or not you can trace any</p>	<p>Page 106</p>	<p>1 LAURA CRAFT</p> <p>2 So let's start with that one.</p> <p>3 And once again, I want to add, you know,</p> <p>4 this is explicitly a substitute for</p> <p>5 premium from the member. But so it's like</p> <p>6 the plan has expected that its base drug</p> <p>7 experience -- and by base, I mean what is</p> <p>8 described as the out-of-pocket threshold</p> <p>9 -- is going to cost about X for all drugs</p> <p>10 regardless what the moving parts are in</p> <p>11 that.</p> <p>12 The subsidy on which I think</p> <p>13 Mr. Kosty placed -- places most weight is</p> <p>14 what's described as the reinsurance</p> <p>15 subsidy. And the name is telling. It's</p> <p>16 important to recognize what that is. It's</p> <p>17 reinsurance. It's recognizing that claims</p> <p>18 experience, in aggregate, for certain</p> <p>19 individuals is unusually high. Their</p> <p>20 medical needs have caused expenses for</p> <p>21 them to be above that out-of-pocket</p> <p>22 threshold. And what happens is that CMS</p> <p>23 steps in and contributes an amount that</p> <p>24 is designed to represent plan</p> <p>25 expenditures above for members in that</p>	<p>Page 108</p>
<p>1 LAURA CRAFT</p> <p>2 particular subsidy amount from CMS to</p> <p>3 Emblem or Summa down through to the</p> <p>4 particular cost of price paid for a</p> <p>5 prescription?</p> <p>6 MR. STANOCH: Objection to</p> <p>7 form, lacks foundation, vague and</p> <p>8 ambiguous. Go ahead. Incomplete</p> <p>9 hypothetical.</p> <p>10 A. Okay. I think you're asking me</p> <p>11 to break out the various subsidies and</p> <p>12 discuss them independently. And the</p> <p>13 direct subsidy, which is paid every month</p> <p>14 on a prospective basis, is never adjusted</p> <p>15 based on actual purchases. It is a number</p> <p>16 that is constructed in the bidding</p> <p>17 process based on historical experience</p> <p>18 and demographic characteristics of the</p> <p>19 population that's being insured by the</p> <p>20 particular plan and you don't get to</p> <p>21 jigger it based on what actually happens.</p> <p>22 So I would say that it is not traced to</p> <p>23 the actual -- a valsartan purchased by</p> <p>24 EmblemHealth during a particular plan</p> <p>25 year.</p>	<p>Page 107</p>	<p>1 LAURA CRAFT</p> <p>2 catastrophic phase, i.e., whose purchases</p> <p>3 have exceeded the out-of-pocket</p> <p>4 threshold.</p> <p>5 The payments that are made by</p> <p>6 CMS in this phase are unquestionably</p> <p>7 calculated from and dependent upon the</p> <p>8 true and accurate reporting of the prices</p> <p>9 that were actually paid to pharmacies for</p> <p>10 those purchases.</p> <p>11 So yes, those subsidies are --</p> <p>12 the reinsurance subsidy is computed using</p> <p>13 actual price reporting for those</p> <p>14 transactions that -- those drugs that</p> <p>15 have been purchased above the</p> <p>16 out-of-pocket threshold during the plan</p> <p>17 year, and then formulas are applied that</p> <p>18 allocate a portion of those catastrophic</p> <p>19 phase expenditures to -- that identify a</p> <p>20 portion of those expenditures for which</p> <p>21 CMS will then pay the reinsurance subsidy</p> <p>22 to the plan sponsor.</p> <p>23 A portion of those</p> <p>24 expenditures are left with the plan</p> <p>25 sponsor, itself, and a portion, a small</p>	<p>Page 109</p>

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<p>1 LAURA CRAFT 2 portion is retained by the consumer as 3 its co-pay during this coverage phase. 4 Q. Ms. Craft, have you personally 5 ever -- strike that. 6 Would you consider yourself an 7 expert in healthcare or actuary science? 8 MR. STANOCH: Objection to 9 form. 10 A. No. 11 Q. The PBM data -- strike that. 12 The data that you looked at 13 from MSP from December of 2020 does not 14 provide any information about subsidies 15 that Emblem or Summa may have received, 16 correct? 17 MR. STANOCH: Objection to 18 form. 19 A. One correction, I believe you 20 referred just now to data received in 21 2020 and I think you meant December 2022. 22 Q. I did. Let me restart. 23 The data that you looked at 24 from MSP from December of 2022 does not 25 provide any information about subsidies</p>	Page 110	<p>1 LAURA CRAFT 2 regarding rebates provided, but I suspect 3 there are also no rebates provided. 4 When you say refunds, I don't 5 know what you mean by refunds. 6 Q. What does the word refund mean 7 to you? 8 A. It means different things in 9 different contexts. 10 So, for example, functionally 11 we might think of refund as you get your 12 money back and the truth is that 13 pharmaceutical data generated by PBMs 14 contains large numbers of claim 15 reversals. 16 A charge is recorded as 17 payable, a transaction is going to have 18 to result in money being transferred to 19 the pharmacy. It is then subsequently 20 reversed through an offsetting negative 21 entry. I don't think that's a refund, but 22 some might think of it as one because 23 there is an electronic processing of a 24 charge followed by an electronic 25 processing of an exactly offsetting</p>	Page 112
<p>1 LAURA CRAFT 2 that Emblem or Summa may have received, 3 correct? 4 MR. STANOCH: Objection. 5 A. That's correct. Nor would it 6 because these are an entirely separate 7 set of funding transactions that do not 8 play a part in the payments to the 9 pharmacy that are reported in the PBM 10 data. 11 Q. Ms. Craft, the data that you 12 reviewed from MSP from December of 2020 13 also does not include any kind of 14 information about rebates or refunds, 15 correct? 16 MR. STANOCH: Objection to 17 form. 18 A. Yeah, I think you said 2020 19 again, but I'm going to take it as 2022. 20 And your question is, does it include 21 data on rebates or refunds? 22 So rebates are typically a 23 product of branded drugs, not generic 24 drugs, and this case involves generic 25 drugs. It is true there is no data</p>	Page 111	<p>1 LAURA CRAFT 2 transaction with negative values that is 3 designed to wipe them out. 4 If I went to the department 5 store and used my credit card to make a 6 purchase and turned around before I got 7 to my car and decided to take the 8 merchandise back, there would be a very 9 similar set of positive and negative 10 offsetting transactions. The store would 11 probably tell me there's your refund 12 being shown on your card. I don't think 13 those are refunds, but they could, 14 depending on how you are defining the 15 term, I suppose one might use that 16 construction. 17 Q. In the MSP data that you 18 reviewed from December of 2022 did you 19 see any reversals? 20 A. No, for the very reason that 21 when the PBM supply data to their TPP 22 clients, they typically report only what 23 are called final paid claims, which is to 24 say, the ones that didn't get reversed. I 25 mention this because reversals are very</p>	Page 113

<p>1 LAURA CRAFT 2 common. You know, they may constitute 20, 3 25% of the rows of data that you see in 4 PBM processing records and that's simply 5 because if there is something that's 6 erroneous, that doesn't connect with the 7 particular plan structure that has to be 8 corrected, the transaction is then 9 reversed or cancelled and it typically is 10 then reprocessed correctly. 11 Q. So no, in the MSP data you 12 reviewed from December of 2022 you didn't 13 see any reversals? 14 MR. STANOCH: Objection to 15 form. Go ahead. 16 A. No, nor would I expect to. 17 Q. If we use the word refund in 18 the sense of someone buys a prescription 19 and they want to take it back for that 20 prescription from a pharmacy, did you see 21 any of those kinds of refunds in the MSP 22 data from December of 2022? 23 A. No, I did not. 24 Q. Do you know how generally a 25 PBM would track those kinds of refunds?</p>	Page 114	<p>1 LAURA CRAFT 2 form. 3 A. I can't provide you with a 4 good estimate. I can tell you it 5 certainly exceeds a hundred but I don't 6 know how many more than that. 7 Q. Have you ever drafted a 8 contract between a PBM and a third-party 9 payor? 10 A. No. 11 Q. Have you ever been able to -- 12 strike that. 13 Have you ever been asked to 14 review a contract between a PBM and a 15 third-party payor in your capacity as an 16 attorney? 17 A. No. I should make clear, I 18 don't practice as an attorney. 19 Q. Looking at paragraph 23 from 20 your report you state that, "The 21 provision of these contracts are also 22 consistent with the general practices of 23 using only one PBM at a time often for 24 many years." Do you see that? 25 A. I do.</p>	Page 116
<p>1 LAURA CRAFT 2 MR. STANOCH: Objection to 3 form. 4 A. Those kinds of refunds, 5 meaning a consumer brings the drug 6 product they purchased back to the 7 pharmacy and asks for their money back? 8 Q. Correct. 9 A. No, I do not. 10 Q. Ms. Craft, your report states 11 that you've reviewed the contracts 12 between Emblem and Express Scripts and 13 SummaCare and MedImpact, correct? 14 A. Yes. 15 Q. Just to confirm, you're not 16 offering any legal opinions about those 17 contracts, correct? 18 A. That's right. I'm not offering 19 legal opinions about anything. 20 Q. Did you estimate about how 21 many contracts between PBMs and 22 third-party payors like Summa and Emblem 23 you've reviewed in the course of your 24 career? 25 MR. STANOCH: Objection to</p>	Page 115	<p>1 LAURA CRAFT 2 Q. And is that opinion based on 3 your industry experience or something 4 else? 5 A. It's based on my industry 6 experience, my review of contracts, my 7 understanding about why and how it's 8 efficient to use a single PBM. 9 It would be a considerably 10 less efficient process if a given plan 11 sponsor which would divide up its claims 12 activity between two PBMs. You could do 13 it based on line of business, for 14 example, your Medicare business with one 15 PBM, your commercial business with 16 another, but the efficiencies all arise 17 around combining that work with a given 18 PBM. It allows the PBMs to generate 19 analytic reports across all plans and 20 otherwise to provide a broader range of 21 services. 22 Q. And in your experience, how 23 often do payors use just one PBM -- 24 strike that. 25 In your experience what</p>	Page 117

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<p>1 LAURA CRAFT 2 percentage of payors use just one PBM? 3 A. And can you define "payor" for 4 me here? 5 Q. Sure. 6 A. Do you mean a plan sponsor or 7 do you mean a large insurance company 8 that has many plans that it's sponsoring? 9 What concept are you trying to get at 10 here? 11 Q. Let's go with health plan 12 sponsor. 13 In your experience, how often 14 do sponsors, like Summa and Emblem, use 15 just one PBM? 16 MR. STANOCH: Objection to 17 form. 18 A. So the distinction I'm trying 19 to make here that for a single health 20 plan I have never seen and cannot 21 conceive of a sponsor using more than one 22 PBM. So my answer would be always one, 23 never more at a point in time, at a point 24 in time. I should be clear. 25 Q. And if we use the word payor</p>	<p>Page 118</p>	<p>1 LAURA CRAFT 2 designated vendor, with such tape to be 3 formatted in the standard NCPDP claims 4 file format or in a mutually agreed upon 5 format." Do you see that? 6 A. Yes. 7 Q. Is claims tape the same as 8 claims data? 9 A. No. Tape refers to the medium 10 on which the data is delivered, not to 11 the nature of the data itself. The tape 12 is just talking about how that's 13 delivered. 14 Q. And when it says "tapes" does 15 it mean literally like an old school 16 tape? 17 A. I don't know. I'd have to go 18 back and look at the contract to see if 19 there is further explanation. 20 What this means substantively 21 in terms of what's being delivered is the 22 claims data is -- the individualized 23 claims data is being delivered by the PBM 24 to -- the PBM MedImpact to SummaCare. 25 Q. And the last clause is about</p>	<p>Page 120</p>
<p>1 LAURA CRAFT 2 to mean a large insurance company that 3 has many plans, how often do those large 4 insurance companies with many plans use 5 just one PBM at any given time? 6 MR. STANOCH: Objection to 7 form. 8 A. It's the general rule. But as 9 I mentioned a moment ago, in some cases a 10 large insurer might conceivably use one 11 PBM, for example, for its Medicare Part D 12 business and another for its other, for 13 its other standard commercial business. 14 There could be a split like that on a 15 line of business basis. 16 In general, insurers use one 17 PBM across their line of business, but 18 it's not invariably the case. You could 19 have a split of the type I just 20 described. 21 Q. Looking at paragraph 24 of 22 your report you state that, "The 23 EmblemHealth contract requires Express 24 Scripts to deliver a formatted paid 25 claims tape to client, EmblemHealth, or a</p>	<p>Page 119</p>	<p>1 LAURA CRAFT 2 being either a NCPDP or a mutually agreed 3 upon format. 4 Do you know whether the claims 5 data from Express Scripts for 6 EmblemHealth is a NCPDP format or in some 7 other format? 8 A. So it certainly conforms to 9 NCPDP standards for the fields that I 10 reviewed in the MSP production and which 11 are germane to the calculation of damages 12 in this case. I can't speak to any other 13 fields that I haven't examined. 14 I do want to correct my last 15 answer. The quote you were reading to me 16 had to do with Emblem, Emblem's contract 17 with Express Scripts not SummaCare. So if 18 you substitute the word Emblem for 19 SummaCare in my last answer, that would 20 be correct. 21 Q. Ms. Craft, I want to look at 22 some of the contracts between the TPP -- 23 or the MSP TPPs and their PBMs that you 24 refer to in your report. 25 A. Okay.</p>	<p>Page 121</p>

<p>1 LAURA CRAFT</p> <p>2 Q. Can we pull up tab 5, please,</p> <p>3 which I think is going to be Exhibit 5?</p> <p>4 (Exhibit 5, Express Scripts</p> <p>5 PBM Agreement, Bates</p> <p>6 MSP-EMBLEM-000445 was received and</p> <p>7 marked on this date for</p> <p>8 identification.)</p> <p>9 Q. Just let me know when you've</p> <p>10 got it, Ms. Craft.</p> <p>11 A. Okay. I have that document up.</p> <p>12 Q. For the record, Exhibit 5 is</p> <p>13 Bates stamped MSP-EMBLEM-000445.</p> <p>14 Ms. Craft, do you recognize</p> <p>15 this as one of the contracts that you</p> <p>16 reviewed in putting together your report?</p> <p>17 A. Yes, I do.</p> <p>18 Q. If we look at footnote 7 in</p> <p>19 your report, which I believe is on page</p> <p>20 4., do you see that this footnote says</p> <p>21 "The agreements between EmblemHealth and</p> <p>22 SummaCare and their respective PBMs</p> <p>23 include automatic renewal at the end of</p> <p>24 the contract", and then cites to a number</p> <p>25 of contracts, right?</p>	<p>Page 122</p>	<p>1 LAURA CRAFT</p> <p>2 questions earlier this morning, a</p> <p>3 subsidiary of Emblem, I probably should</p> <p>4 have said more correctly in my report</p> <p>5 that this was a contract entered into</p> <p>6 with HIP and ConnectiCare rather than</p> <p>7 identifying it to Emblem.</p> <p>8 The provisions that I describe</p> <p>9 in my report from these two contracts</p> <p>10 that are cited are there merely to</p> <p>11 explain that there was nothing unusual</p> <p>12 about these PBM relationships. They look</p> <p>13 just like they ordinarily do in this</p> <p>14 industry. And that's the place I'm</p> <p>15 referring to them, automatic renewals,</p> <p>16 long-term relationships, agreements to</p> <p>17 provide data to the plan sponsors,</p> <p>18 reflecting each of the individual claims</p> <p>19 and so on.</p> <p>20 MR. STANOCH: For the record,</p> <p>21 THE footnote 7 that counsel was</p> <p>22 asking about moments earlier does</p> <p>23 say -- identify -- it says, "The</p> <p>24 agreement between Express Scripts,</p> <p>25 Health Insurance Plan of Greater</p>	<p>Page 124</p>
<p>1 LAURA CRAFT</p> <p>2 A. I do see that.</p> <p>3 Q. And this EMBLEM-445 document</p> <p>4 that we're looking at in Exhibit 5 is one</p> <p>5 of those, correct?</p> <p>6 A. Yes, it is.</p> <p>7 Q. All right. So looking back at</p> <p>8 Exhibit 5, the contract, itself, do you</p> <p>9 see that in the preamble, the first</p> <p>10 paragraph, it says that this contract is</p> <p>11 entered into by and between Express</p> <p>12 Scripts and Health Insurance Plan of</p> <p>13 Greater New York, ConnectiCare and HIP</p> <p>14 Insurance Company of New York?</p> <p>15 A. Yes.</p> <p>16 Q. It does not list EmblemHealth</p> <p>17 there, correct?</p> <p>18 A. You are correct, I don't see</p> <p>19 the name Emblem Healthcare there.</p> <p>20 Q. So are you able to tell me how</p> <p>21 this particular contract between HIPIC</p> <p>22 and ConnectiCare relates to Emblem?</p> <p>23 A. So I was aware at the time of</p> <p>24 drafting my report that ConnectiCare was</p> <p>25 affiliated, or as you said in your</p>	<p>Page 123</p>	<p>1 LAURA CRAFT</p> <p>2 New York, ConnectiCare and HIP</p> <p>3 Insurance Company of New York</p> <p>4 effective January 1, 2017 through</p> <p>5 December 31, 2019."</p> <p>6 Q. Ms. Craft, how does this</p> <p>7 contract at tab 5 bind Emblem?</p> <p>8 MR. STANOCH: Counsel, are you</p> <p>9 representing that Emblem is not</p> <p>10 HIP?</p> <p>11 MS. BRANCATO: I'm trying to</p> <p>12 understand if this contract is</p> <p>13 supposed to be between Emblem and</p> <p>14 Express Scripts or at least bind</p> <p>15 Emblem to a PBM agreement with</p> <p>16 Express Scripts, what is the</p> <p>17 relationship between Express</p> <p>18 Scripts, ConnectiCare, HIP, HIPIC</p> <p>19 and all these other entities, and</p> <p>20 if Ms. Craft understands that.</p> <p>21 MR. STANOCH: Restate your</p> <p>22 question.</p> <p>23 Q. Ms. Craft, do you understand</p> <p>24 one way or another whether Emblem is also</p> <p>25 known as HIP?</p>	<p>Page 125</p>

32 (Pages 122 - 125)

<p>1 LAURA CRAFT</p> <p>2 A. I do not.</p> <p>3 Q. And are you aware, one way or</p> <p>4 another, of how this particular contract</p> <p>5 in Exhibit 5 binds Emblem to an PBM</p> <p>6 agreement with Express Scripts?</p> <p>7 MR. STANOCH: Objection to</p> <p>8 form.</p> <p>9 A. No, but I can assure you it</p> <p>10 contains standard provisions which make</p> <p>11 exactly the points that I've described in</p> <p>12 my report, about the relationship between</p> <p>13 the PBM and a plan sponsor.</p> <p>14 Q. I understand that. And we're</p> <p>15 going to get to the provisions in a</p> <p>16 minute. I'm just trying to make sure</p> <p>17 we're all on the same page about who</p> <p>18 those contracts are for.</p> <p>19 So are you aware of any</p> <p>20 contract directly between Express Scripts</p> <p>21 where it says this contract is between</p> <p>22 Express Scripts and EmblemHealth?</p> <p>23 MR. STANOCH: Objection and</p> <p>24 mischaracterizes the record.</p> <p>25 Again, you're misstating and</p>	<p>Page 126</p>	<p>1 LAURA CRAFT</p> <p>2 that this is titled Pharmacy</p> <p>3 Reimbursement Rates?</p> <p>4 A. Yes.</p> <p>5 Q. And this page says "redacted",</p> <p>6 correct?</p> <p>7 A. That's correct. It says</p> <p>8 redacted.</p> <p>9 Q. And was this redaction applied</p> <p>10 before it was provided to you? Let me</p> <p>11 strike that.</p> <p>12 When this document was</p> <p>13 provided to you was it already redacted?</p> <p>14 A. Yes.</p> <p>15 Q. Do you know who redacted it?</p> <p>16 A. No.</p> <p>17 Q. In your experience, would</p> <p>18 Exhibit 1-A be a list of pharmacy</p> <p>19 reimbursement rates for specific drug</p> <p>20 products?</p> <p>21 MR. STANOCH: Objection to</p> <p>22 form. Go ahead, if you can.</p> <p>23 A. Generally it would describe</p> <p>24 pharmacy reimbursement rates by category</p> <p>25 as opposed to by individual product and</p>	<p>Page 128</p>
<p>1 LAURA CRAFT</p> <p>2 misrepresenting the relationship</p> <p>3 and entity names of the entities</p> <p>4 reflected in the agreement.</p> <p>5 You can answer if you'd like</p> <p>6 or if you can.</p> <p>7 A. Well, I would simply say that</p> <p>8 the contracts that I've cited in my</p> <p>9 report are the PBM contracts that I have</p> <p>10 seen in this matter. They are the ones</p> <p>11 that were provided to me. So if you are</p> <p>12 asking me; do I have some other different</p> <p>13 ones, the answer is no.</p> <p>14 Q. Can we go to page 29 of</p> <p>15 Exhibit 5 -- sorry -- it's 29 of the pdf,</p> <p>16 Justin, and 27 of the actual document.</p> <p>17 Ms. Craft, just let me know</p> <p>18 when you're there.</p> <p>19 A. Yes, I'm there.</p> <p>20 Q. Do you see that this is marked</p> <p>21 Exhibit A at the top and it lists some</p> <p>22 sub-exhibits under Exhibit A?</p> <p>23 A. Yes, I do see that.</p> <p>24 Q. So if we flip to the next</p> <p>25 page, which is Exhibit A-1, do you see</p>	<p>Page 127</p>	<p>1 LAURA CRAFT</p> <p>2 it would prescribe the procedure by which</p> <p>3 those rates are to be determined at the</p> <p>4 time a transaction takes place.</p> <p>5 For example, will they be</p> <p>6 based upon MAC, maximum allow cost rates</p> <p>7 set by the PBM or will they, in the case</p> <p>8 of brand, possibly be set using the</p> <p>9 average wholesale price with a specified</p> <p>10 discount, under what circumstances will</p> <p>11 drugs be reimbursed to the pharmacy at</p> <p>12 the pharmacy's own usual and customary</p> <p>13 rate and that sort of thing.</p> <p>14 I would not expect to see a</p> <p>15 list of specific dollar amount prices for</p> <p>16 individual drugs here. Those prices</p> <p>17 typically are adjusted throughout the</p> <p>18 year under pharmacy reimbursement</p> <p>19 contracts using one of the benchmarks I</p> <p>20 just described, which is to say, either</p> <p>21 it's a MAC price or an AWP price. So it</p> <p>22 is not normally the case that one can fix</p> <p>23 the dollar amount in a contract of this</p> <p>24 sort.</p> <p>25 However, it's very standard</p>	<p>Page 129</p>

<p>1 LAURA CRAFT 2 for PBMs to want these terms redacted 3 when they -- when their contracts are 4 produced because it's proprietary 5 information about how they set their 6 pharmacy price. 7 Q. If are there other redactions 8 applied throughout this document, is it 9 safe to assume you didn't apply any of 10 those? 11 A. That is correct. I did not 12 alter the document in any way. 13 Q. And you're not offering an 14 opinion about whether the document is 15 properly redacted based on proprietary or 16 not proprietary information, correct? 17 MR. STANOCH: Objection to 18 form. The document was produced in 19 this litigation pursuant to an 20 agreed upon Protective Order 21 negotiated with defendants at their 22 insistence on additional provisions 23 over the original Protective Order. 24 And one of the counterparties to 25 this agreement, Express Scripts, is</p>	Page 130	<p>1 LAURA CRAFT 2 meant is obviously a defendant in 3 the overall multidistrict 4 litigation. 5 MS. BRANCATO: I'm only asking 6 about proprietary information 7 because Ms. Craft mentioned it. And 8 so I just want to make sure she's 9 not going to come to trial and talk 10 about whether something is or isn't 11 proprietary to Express Scripts or 12 anybody else. 13 MR. STANOCH: Why don't you 14 ask your question, Ms. Craft? 15 Q. Ms. Craft, sitting here today, 16 are you offering an opinion about whether 17 or not the information in Exhibit 5 is 18 proprietary to anyone? 19 MR. STANOCH: Same objections. 20 A. Well, I shouldn't use the word 21 "proprietary". What I meant is this is 22 routinely considered to be sensitive and 23 confidential information by PBMs. 24 And let me, again, stress that 25 in my answer to your question; wouldn't</p>	Page 132
<p>1 LAURA CRAFT 2 a party defendant and represented 3 on this call right now by 4 Mr. Knepper. 5 So objection. And I -- I take 6 issue with the insinuations about 7 who did what redactions and how it 8 was redacted in this case. 9 MS. BRANCATO: I'm entitled to 10 ask the expert if she redacted this 11 or if it was received by her in 12 this form. 13 MR. KNEPPER: Wait. This is 14 Matt Knepper. I just want to 15 clarify I am on this call. 16 Express Scripts is not a 17 defendant to the third-party payor 18 cases. So, Mr. Stanoch, I don't 19 know if you meant it that way, but 20 I just wanted to clarify that for 21 the record so everyone is clear. 22 MR. STANOCH: I agree, 23 Mr. Knepper, that your client is 24 not a defendant as to the 25 third-party payors. Your client I</p>	Page 131	<p>1 LAURA CRAFT 2 you see lists of prices here, my answer 3 was no. And that I don't understand this 4 field would have any relevance whatsoever 5 to this litigation. 6 It talks about, ordinarily 7 this exhibit would discuss the methods by 8 which pharmacy reimbursement prices will 9 be determined, and that has absolutely 10 nothing to do with the issue here, which 11 is, okay, what amount were they actually 12 paying? And we don't have to wonder about 13 that. We don't need Exhibit A-1 to tell 14 us that. The data tells us for every 15 prescription what they were paid. 16 So I don't understand the -- 17 why the pricing methodology with which 18 Express Scripts negotiated those prices 19 would have anything whatsoever to do with 20 this case. 21 Q. Ms. Craft, I'm asking 22 questions about the document because you 23 cited it in your report and I just want 24 to make sure that you and I are on the 25 same page about what's actually in this</p>	Page 133

<p>1 LAURA CRAFT 2 contract. 3 I understand your position 4 that what's in this contract, the pricing 5 terms are irrelevant to the bottom line 6 that was paid by Emblem and SummaCare, 7 but that isn't what I'm focused on right 8 now. 9 MR. STANOCH: Is there a 10 question? 11 MS. BRANCATO: Not yet. 12 MR. STANOCH: Okay. Just 13 making sure. Objection to the 14 statement without a question. 15 Q. Let's look at tab 6, please 16 which we're going to mark as Exhibit 6. 17 For the record, this Bates stamped 18 MSP-EMBLEM-0000541. 19 (Exhibit 6, Express Scripts 20 Senior Care MPS agreement, Bates 21 MSP-EMBLEM-0000541 was received and 22 marked on this date for 23 identification.) 24 Q. Ms. Craft, do you recognize 25 this document as something you reviewed</p>	Page 134	<p>1 LAURA CRAFT 2 Q. So there aren't any contracts 3 missing that you had meant to include in 4 your materials relied upon that 5 accidentally included multiples of this; is 6 that right? 7 MR. STANOCH: Same objection. 8 Objection. 9 A. Not that I'm aware of. 10 Q. We can take that down. 11 Let's look at paragraph 26 of 12 your report. 13 Do you see that you mention 14 that Express Scripts processes 15 approximately 23% of U.S. prescriptions 16 in 2018? 17 A. I do see that. 18 Q. Is that 23% specific to 19 valsartan prescriptions? 20 A. No. 21 Q. And later on in that same 22 paragraph you mention that MedImpact is 23 smaller but is the primary processor for 24 approximately 2.87 of VCD purchases. Do 25 you see that?</p>	Page 136
<p>1 LAURA CRAFT 2 in putting together your report? 3 A. Yes. 4 Q. If we look at page 33 of the 5 pdf do you see the signature pages here? 6 A. I do. 7 Q. Ms. Craft, are you aware of 8 whether or not Exhibit 6 is a duplicate 9 of other contracts listed in your 10 materials relied upon? 11 A. You are asking whether this 12 contract appears more than once listed in 13 my materials relied upon? 14 Q. Yes. Do you know that? 15 A. I don't recall. 16 Q. If this same contract is, in 17 fact, at three different Bates stamps on 18 your materials relied upon list, would 19 that have been a mistake? 20 MR. STANOCH: Objection to 21 form. 22 A. No. No. It might have been 23 overinclusive, perhaps a little more 24 thorough than was warranted, but it's not 25 a mistake.</p>	Page 135	<p>1 LAURA CRAFT 2 A. Yes. 3 Q. When you say "primary 4 processor", what do you mean? 5 A. I mean it's the first 6 processor in the sequence. A claim may be 7 processed by multiple entities because 8 you may have multiple payors on a single 9 purchase and the primary is the place the 10 data goes first through processing. 11 So Xponent lists -- the 12 Xponent product supplied by IQVIA lists 13 the first processor when it identifies 14 PBM or processor. And this statement is 15 derived from the Xponent data, which was 16 supplied in this case and simply reports 17 the share of those transactions that in 18 the Xponent data are linked to the name 19 MedImpact as the processor or PBM. 20 Q. And how did you decide on the 21 time period from January 2012 to October 22 of 2020? 23 A. I honestly don't recall if 24 that was the scope of the data that was 25 supplied by IQVIA in the Xponent reports.</p>	Page 137

<p>1 LAURA CRAFT</p> <p>2 That may be the date range in the data. I</p> <p>3 don't recall.</p> <p>4 Q. In paragraph 26 the conclusion</p> <p>5 is that there is no reason to question</p> <p>6 the accuracy of the claims data supplied</p> <p>7 to Emblem or Summa by their PBMs. Do you</p> <p>8 see that?</p> <p>9 A. Yes, I do.</p> <p>10 Q. Did you do an analysis of the</p> <p>11 accuracy of the claims data supplied to</p> <p>12 Emblem and Summa by their PBMs?</p> <p>13 A. I certainly reviewed the</p> <p>14 fields to see that the values reported</p> <p>15 appeared to be complete and to represent</p> <p>16 the elements that are routinely reported</p> <p>17 throughout this industry. I don't know</p> <p>18 what you would expect anyone to do to try</p> <p>19 to find an error in the PBM data.</p> <p>20 Such errors would be extremely</p> <p>21 improbable, and, no, I did not attempt to</p> <p>22 audit these records. But you have chosen</p> <p>23 not to highlight the last part of that</p> <p>24 sentence, which is the key.</p> <p>25 Everybody in the industry goes</p>	<p>Page 138</p>	<p>1 LAURA CRAFT</p> <p>2 data.</p> <p>3 Q. You haven't undertaken any</p> <p>4 exercise to verify whether or not there</p> <p>5 are any inaccuracies or misstatements of</p> <p>6 the PBM claims data for EmblemHealth or</p> <p>7 SummaCare, correct?</p> <p>8 MR. STANOCH: Objection to</p> <p>9 form.</p> <p>10 A. I have not.</p> <p>11 Q. Ms. Craft, let's look at</p> <p>12 paragraph 27 of your report, please.</p> <p>13 A. Okay. I'm there.</p> <p>14 Q. You note here that</p> <p>15 EmblemHealth has assigned claims during</p> <p>16 the six-year period beginning September</p> <p>17 29th, 2011 and ending September 29th,</p> <p>18 2017, correct?</p> <p>19 A. Yes.</p> <p>20 Q. And SummaCare has assigned</p> <p>21 claims between January 1st, 2009 and May</p> <p>22 12th, 2017, correct?</p> <p>23 A. Yes. They may have assigned</p> <p>24 additional claims. I'm saying the</p> <p>25 documents I saw specifically identified</p>	<p>Page 140</p>
<p>1 LAURA CRAFT</p> <p>2 back to the PBM data as the source of the</p> <p>3 authoritative transaction reporting. And</p> <p>4 I note that Mr. Kosty, himself, does not</p> <p>5 contest that fact or challenge the</p> <p>6 accuracy the PBM data in his report.</p> <p>7 This is how the entire industry operates.</p> <p>8 Q. Ms. Craft, you testified</p> <p>9 earlier about a case that you are</p> <p>10 currently retained in against Caremark</p> <p>11 related to their misrepresentation or</p> <p>12 causing others to misrepresent inaccurate</p> <p>13 or inaccurately reporting the PBM data.</p> <p>14 A. Through CMS. That's not what</p> <p>15 this is. You understand the data we're</p> <p>16 talking about here, I've given you a</p> <p>17 lengthy explanation for why I think CMS</p> <p>18 reporting is not relevant to this case</p> <p>19 and to the exercise that's being</p> <p>20 undertaken here.</p> <p>21 What I'm talking about in this</p> <p>22 paragraph is PBM claims data, and that</p> <p>23 PBM claims data is a separate dataset and</p> <p>24 it is that which is described here in</p> <p>25 paragraph 26. It is not CMS reporting</p>	<p>Page 139</p>	<p>1 LAURA CRAFT</p> <p>2 those date ranges.</p> <p>3 Q. And your point that they may</p> <p>4 have assigned additional claims is what</p> <p>5 I'd like to talk about.</p> <p>6 A. Okay.</p> <p>7 Q. Sitting here today, have you</p> <p>8 seen any assignment of claims from</p> <p>9 SummaCare or Emblem more recent than</p> <p>10 2017?</p> <p>11 A. If what you mean is have I</p> <p>12 seen an assignment that governs</p> <p>13 specifically claims incurred later than</p> <p>14 2017? No, I have not seen such a</p> <p>15 document. I am aware that data was, in</p> <p>16 fact, produced by MSP covering claims</p> <p>17 experienced after 2017.</p> <p>18 Q. But you're not aware of</p> <p>19 whether SummaCare and Emblem have</p> <p>20 formally assigned claims occurring after</p> <p>21 2017 to MSP, correct?</p> <p>22 MR. STANOCH: Objection to</p> <p>23 form.</p> <p>24 A. I haven't seen such an</p> <p>25 assignment but I do see that MSP has, and</p>	<p>Page 141</p>

<p>1 LAURA CRAFT 2 has produced in this litigation, the data 3 pertaining to such claims. I am not sure 4 why it would have that data if they were 5 not assigned. 6 Q. So in paragraph 27 you say "it 7 is my understanding that there may be 8 additional assignments that extend that 9 period." Do you see that? 10 A. Yes. 11 Q. And is that statement based on 12 the fact that MSP did produce data for 13 claims beyond 2017? 14 A. Yes. 15 Q. It's not based on any other 16 assumptions or representations from 17 counsel? 18 A. No. 19 Q. The very last sentence of that 20 paragraph says, "As explained above, this 21 data includes information sufficient", do 22 you see that? 23 A. Yes. 24 Q. And I just want to triple 25 check. When you say "this data" you mean</p>	Page 142	<p>1 LAURA CRAFT 2 cost and dispensing fee components. 3 Q. And that's the specific data 4 that enables you to calculate it more 5 precisely; is that right? 6 A. So I don't know what the 7 damage methodology will be in this case. 8 Whether, for example, the dispensing fee 9 will be part of the damage claim or not, 10 that's not up to me. I'm not expressing 11 opinions about damages. 12 What I'm saying is that the 13 more recent data production, should it be 14 relevant, enables one to separate out the 15 dispensing fee. 16 MS. BRANCATO: Okay. We've been 17 going almost another hour and a 18 half. Why don't we take another 19 break? 20 VIDEOGRAPHER: Time is 11:25. 21 This ends Media Unit 2. We're going 22 off the record. 23 (Recess is taken.) 24 VIDEOGRAPHER: The time is 25 11:40. This begins Media Unit 3.</p>	Page 144
<p>1 LAURA CRAFT 2 the data that MSP produced in December of 3 2022, correct? 4 MR. STANOCH: Objection to 5 form. 6 A. It wasn't what I meant when I 7 wrote this because this was written 8 before December 2022, but it is now. 9 Q. And when you wrote this 10 originally in October of 2021, that 11 opinion was based on the data that MSP 12 had produced previously with fewer 13 fields, correct? 14 A. That's correct. 15 Q. So is it your opinion that 16 even with fewer fields in the MSP data we 17 can still calculate the cost of the 18 potential damages to Emblem and 19 SummaCare? 20 MR. STANOCH: Objection to 21 form. 22 A. Yes, but we can calculate it 23 more precisely now, because rather than 24 just having the amount that the plan 25 paid, it's broken out into its ingredient</p>	Page 143	<p>1 LAURA CRAFT 2 We're back on the record. 3 Q. Ms. Craft, have you ever 4 worked for a Medicare Part D sponsor, 5 like Summa or Emblem? 6 A. By "worked for", do you mean 7 an employee of? 8 Q. Yes. 9 A. No. 10 Q. And have you ever helped 11 prepare a CMS bid on behalf of a Medicare 12 Part D sponsor? 13 A. I'm sorry. Have I ever helped 14 prepare a CMS on behalf of a Medicare 15 Part D sponsor? 16 Q. A CMS bid. 17 A. Oh, a bid. No. 18 Q. And have you ever reviewed the 19 legislative history surrounding Medicare 20 Part D? 21 A. Yes. 22 Q. And when was the last time you 23 reviewed it? 24 A. The last time? I mean, it's 25 something with which I'm generally</p>	Page 145

<p style="text-align: right;">Page 146</p> <p>1 LAURA CRAFT</p> <p>2 familiar in my work, that I have paid</p> <p>3 attention to and studied in the course of</p> <p>4 my graduate education about healthcare</p> <p>5 finance. The last time I looked at a</p> <p>6 Medicare Part D reg was probably weeks</p> <p>7 ago, or legislative history for a</p> <p>8 Medicare Part D reg.</p> <p>9 Q. So the last time you looked at</p> <p>10 the legislative history for a particular</p> <p>11 piece of a Medicare Part D regulation was</p> <p>12 a few weeks ago?</p> <p>13 A. Yes, that's probably right.</p> <p>14 Q. And have you ever submitted an</p> <p>15 expert report on the legislative history</p> <p>16 of Medicare Part D?</p> <p>17 A. No, not a report specific to</p> <p>18 legislative history.</p> <p>19 Q. Have you ever submitted an</p> <p>20 expert report on the purpose of Medicare</p> <p>21 Part D?</p> <p>22 A. Not specifically, no, no. I</p> <p>23 think the answer is no.</p> <p>24 MS. BRANCATO: Okay. Ms.</p> <p>25 Craft, I have no further questions</p>	<p style="text-align: right;">Page 148</p> <p>1 LAURA CRAFT</p> <p>2 GHI and HIPIC Renamed EmblemHealth,</p> <p>3 dated June 15, 2021 was received</p> <p>4 and marked on this date for</p> <p>5 identification.)</p> <p>6 Q. Okay. And I'd like to share my</p> <p>7 screen. We'll mark it as an exhibit</p> <p>8 afterwards.</p> <p>9 Can you see my screen, Ms.</p> <p>10 Craft?</p> <p>11 A. Yes, I can. Thank you.</p> <p>12 Q. Okay. And what is the title of</p> <p>13 this?</p> <p>14 A. GHI and HIPIC, H-I-P-I-C,</p> <p>15 renamed EmblemHealth, and it's dated June</p> <p>16 15, 2021.</p> <p>17 Q. Could you take a moment to</p> <p>18 read this? And I can scroll down as</p> <p>19 necessary. It's not that long. Tell me</p> <p>20 when you're done.</p> <p>21 A. Okay. I've read everything on</p> <p>22 the screen.</p> <p>23 Q. Have you had a chance to</p> <p>24 review this exhibit?</p> <p>25 A. I have.</p>
<p style="text-align: right;">Page 147</p> <p>1 LAURA CRAFT</p> <p>2 at this time subject to other</p> <p>3 questions that other defense</p> <p>4 counsel may have.</p> <p>5 MR. STANOCH: Any other</p> <p>6 defendants?</p> <p>7 MS. BRANCATO: Going once.</p> <p>8 MR. STANOCH: Hearing nothing,</p> <p>9 I've got a brief redirect.</p> <p>10 REDIRECT EXAMINATION BY MR. STANOCH:</p> <p>11 Q. Hello, Ms. Craft. How are</p> <p>12 you?</p> <p>13 A. Fine. Thank you.</p> <p>14 Q. Do you recall questions</p> <p>15 earlier by Ms. Brancato about Exhibits, I</p> <p>16 believe, 5 and 6, which were PBM</p> <p>17 contracts with certain entities related</p> <p>18 to EmblemHealth?</p> <p>19 A. I do.</p> <p>20 Q. Okay. And are you aware,</p> <p>21 generally, that from time to time</p> <p>22 corporate entities may effectuate a name</p> <p>23 change?</p> <p>24 A. Yes, it does happen.</p> <p>25 (Exhibit 7, document entitled</p>	<p style="text-align: right;">Page 149</p> <p>1 LAURA CRAFT</p> <p>2 Q. And what is this exhibit</p> <p>3 saying about the renaming of Group Health</p> <p>4 Incorporated and HIP Insurance Company of</p> <p>5 New York?</p> <p>6 A. That both of them are being or</p> <p>7 have been renamed as EmblemHealth.</p> <p>8 In the former case, GHI, as</p> <p>9 EmblemHealth Plan, Inc., and in the</p> <p>10 latter, HIP or HIPIC, has been renamed</p> <p>11 Emblem Health Insurance Company.</p> <p>12 Q. And this document you noted is</p> <p>13 dated from June of 2021?</p> <p>14 A. Yes.</p> <p>15 Q. All right. Do you recall</p> <p>16 whether that is after the date of the two</p> <p>17 PBM contracts that we looked at earlier?</p> <p>18 A. Oh, yes, quite a bit after. So</p> <p>19 these contracts would have had the</p> <p>20 earlier name, not the Emblem name, but</p> <p>21 representing the same entities.</p> <p>22 Q. Right. And you recall, we can</p> <p>23 pull them up if you like, but the two PBM</p> <p>24 contracts that you looked at earlier and</p> <p>25 that you cite in your report make</p>

<p style="text-align: right;">Page 150</p> <p>1 LAURA CRAFT 2 reference to the same names referenced 3 here in this exhibit, Group Health 4 Incorporated and HIP Insurance Company of 5 New York, right?</p> <p>6 MS. BRANCATO: Objection to 7 form.</p> <p>8 A. That is correct.</p> <p>9 Q. And does this refresh your 10 recollection as to whether there was any 11 name change involving GHI and HIPIC?</p> <p>12 A. It certainly does and I 13 apologize for not having remembered this 14 earlier. I knew those contracts applied 15 to Emblem and I just didn't recall that 16 the name change was what had taken place 17 and explains that.</p> <p>18 Q. And with the benefit of now 19 having your memory refreshed with this 20 exhibit, what, if anything, would you 21 change in your report about the 22 discussion of those two contracts that 23 you testified today as to Emblem?</p> <p>24 A. Sounds as though I should have 25 added a parenthetical that says, "Now</p>	<p style="text-align: right;">Page 152</p> <p>1 C E R T I F I C A T E 2 I, MAUREEN M. RATTO, a 3 Registered Professional Reporter, do 4 hereby certify that prior to the 5 commencement of the examination, LAURA 6 R. CRAFT was sworn by me to testify 7 the truth, the whole truth and nothing 8 but the truth.</p> <p>9 I DO FURTHER CERTIFY that the 10 foregoing is a true and accurate 11 transcript of the proceedings as taken 12 stenographically by and before me at 13 the time, place and on the date 14 hereinbefore set forth.</p> <p>15 I DO FURTHER CERTIFY that I am 16 neither a relative nor employee nor 17 attorney nor counsel of any of the 18 parties to this action, and that I am 19 neither a relative nor employee of such 20 attorney or counsel, and that I am not 21 financially interested in this action.</p> <p>22</p> <p>23</p> <p>24</p> <p style="text-align: center;"> MAUREEN M. RATTO, RPR License No. 817125</p>
<p style="text-align: right;">Page 151</p> <p>1 LAURA CRAFT 2 renamed as EmblemHealth plan". That 3 would have been helpful.</p> <p>4 Q. But other than that, any other 5 changes?</p> <p>6 A. No, nothing of substance.</p> <p>7 MR. STANOCH: That's all I 8 have. Thank you, Ms. Craft.</p> <p>9 MS. BRANCATO: I have no 10 further questions at this time.</p> <p>11 MR. STANOCH: I think we're 12 done. We will read and sign.</p> <p>13 VIDEOGRAPHER: The time is 14 11:47. This ends today's 15 deposition.</p> <p>16 (The proceedings were 17 adjourned at 11:47 p.m.)</p>	<p style="text-align: right;">Page 153</p> <p>1 I N D E X 2 WITNESS: LAURA R. CRAFT 7 3 EXAMINATION BY MS. BRANCATO 7 4 REDIRECT EXAMINATION BY 147 5 MR. STANOCH 6 E X H I B I T S 7 Exhibit 1, notice of deposition 32 8 Exhibit 2, Expert report of 35 9 Laura Craft dated November 10, 10 2021 11 Exhibit 3, expert report of 35 12 Laura Craft dated October 31, 13 2022 14 Exhibit 4, OnPoint Analytics 40 15 invoices dated January 1, 2022 16 to October 31st, 2022 17 Exhibit 5, Express Scripts PBM 122 18 Agreement, Bates 19 MSP-EMBLEM-000445 20 Exhibit 6, Express Scripts 134 21 Senior Care MPS agreement, Bates 22 MSP-EMBLEM-0000541 23 Exhibit 7, document entitled GHI 147 24 and HIPIC Renamed EmblemHealth, 25 dated June 15, 2021</p>

1 DAVID J. STANOCH, ESQ. 2 d.stanoch@kanner-law.com 3 January 16, 2023 4 RE: In Re: Valsartan, Losartan, Et Al v. 5 1/12/2023, Laura R. Craft (#5659784) 6 The above-referenced transcript is available for 7 review. 8 Within the applicable timeframe, the witness should 9 read the testimony to verify its accuracy. If there are 10 any changes, the witness should note those with the 11 reason, on the attached Errata Sheet. 12 The witness should sign the Acknowledgment of 13 Deponent and Errata and return to the deposing attorney. 14 Copies should be sent to all counsel, and to Veritext at 15 cs-ny@veritext.com 16 17 Return completed errata within 30 days from 18 receipt of testimony. 19 If the witness fails to do so within the time 20 allotted, the transcript may be used as if signed. 21 22 Yours, 23 Veritext Legal Solutions 24 25	Page 154 1 In Re: Valsartan, Losartan, Et Al v. 2 Laura R. Craft (#5659784) 3 ACKNOWLEDGEMENT OF DEPONENT 4 I, Laura R. Craft, do hereby declare that I 5 have read the foregoing transcript, I have made any 6 corrections, additions, or changes I deemed necessary as 7 noted above to be appended hereto, and that the same is 8 a true, correct and complete transcript of the testimony 9 given by me. 10 11 _____ 12 Laura R. Craft Date 13 *If notary is required 14 SUBSCRIBED AND SWORN TO BEFORE ME THIS 15 _____ DAY OF _____, 20____. 16 17 18 _____ 19 NOTARY PUBLIC 20 21 22 23 24 25
Page 155 1 In Re: Valsartan, Losartan, Et Al v. 2 Laura R. Craft (#5659784) 3 E R R A T A S H E E T 4 PAGE____ LINE____ CHANGE_____ 5 _____ 6 REASON_____ 7 PAGE____ LINE____ CHANGE_____ 8 _____ 9 REASON_____ 10 PAGE____ LINE____ CHANGE_____ 11 _____ 12 REASON_____ 13 PAGE____ LINE____ CHANGE_____ 14 _____ 15 REASON_____ 16 PAGE____ LINE____ CHANGE_____ 17 _____ 18 REASON_____ 19 PAGE____ LINE____ CHANGE_____ 20 _____ 21 REASON_____ 22 23 _____ 24 Laura R. Craft Date 25	

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Federal Rules of Civil Procedure

Rule 30

(e) Review By the Witness; Changes.

(1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:

(A) to review the transcript or recording; and

(B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.

(2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

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Veritext Legal Solutions represents that the foregoing transcript is a true, correct and complete transcript of the colloquies, questions and answers as submitted by the court reporter. Veritext Legal Solutions further represents that the attached exhibits, if any, are true, correct and complete documents as submitted by the court reporter and/or attorneys in relation to this deposition and that the documents were processed in accordance with our litigation support and production standards.

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